Annual Report 

Central Iowa Power Cooperative

a

FDR

PDC



"To reach an uncommon goal takes an uncommon effort. And a champion is a champion because he does things that failures don't like to do. I can dream... and see a vision...I'm the master of my fate."

> Cal Stoll 1988 Annual Meeting Speaker

Cal Stoll's words echo in our minds. We all know the future holds many unknowns for us in both our personal and professional lives. We also know the utility industry is changing in ways that force us to act. Thus, our challenge as directors and staff members is to become masters of the changes in the industry: to dream, to see a vision and to control our fate. We need an "uncommon effort" as a CIPCO system team to respond with creative and wise decisions in every facet of our business: generation, marketing, transmission, engineering, public relations and personnel. Our goal is to continue to be a champion. By working together, we are indeed champions.



Central lowa Power Cooperative (CIPCO) is an electric generation and transmission cooperative formed in 1946. CIPCO sells wholesale power to fifteen rural electric distribution cooperatives and one municipal cooperative: The distribution cooperatives in turn distribute the power to 80,000 members throughout fifty-one Iowa counties. South Iowa Municipal Electric Cooperative Association (SIMECA) is member-owned by twenty Iowa municipals. Today CIPCO has ownership in the Duane Arnold Energy Center, Louisa Generating Station, Council Bluffs #3 and Summit Lake Generation Station. CIPCO leases Fair Station from Eastern Iowa Light & Power Cooperative. CIPCO is a member of the Midcontinent Area Power Pool (MAPP) and the North American Electric Reliability Council.

### $1 \cdot 9 \cdot 8 \cdot 8$

### A Message From the President

The year 1988 has been a good year for Central Iowa Power Cooperative. We closed the year with approximately \$2.7 million in margins. Fortunately, we had a minimum amount of damaging storms in 1988 that might have affected our lines and equipment. However, the dry weather in many areas also resulted in a short crop and less moisture in the crop which eliminated the fall crop drying load. The unusually long hot summer did give CIPCO an all-time high summer peak of 336 MW. Warm winters are pleasant for all and save money on our utility bills, however, all of these factors affect CIPCO's budgeted rate which is driven by these variances

IPCO was created in 1946 to serve its members, and the same is true today. in temperature during the year.

Let's look at the how and why of CIPCO. It was organized in 1946 to supply power and energy to eight member distribution systems. Eight more systems became members of CIPCO between 1946 and 1982. Now a total of 15 distribution cooperatives and one municipal cooperative rely on CIPCO as their power source. To supply this power CIPCO has ownership in coal-fired, nuclear, and diesel units. In addition CIPCO purchases small amounts of power produced by hydroelectric plant from the Western Area Power Administration. To assist in getting this power to the members in the most economical manner, CIPCO is interconnected in the state of lowa with investorowned utilities, such as Iowa Electric Light and Power Company, Iowa Power and Light, Interstate Power Company and Iowa Southern Utilities. Dispatching of the CIPCO system is done by lowa Electric

Jumes Kinshard

as part of the Operating and Transmission Agreement which was first negotiated in 1946.

This all sounds rather complicated, and it is. However, CIPCO has a dedicated staff of employees working daily to see that its member systems are always supplied with reliable, low cost energy to serve their members. CIPCO was created in 1946 to serve its members and the same is true today. Even though the process may be more complicated, the purpose remains the same. Over 60% of our member systems' costs are directly related to the cost of wholesale power. Therefore, it is vital that CIPCO maintain a qualified, professional staff who are knowledgeable in an everchanging industry and who can plan for the future with the best interests of the members in mind.

CIPCO provides many services for its members. One that has realized excellent results is its support of the Iowa Area Development Group (IADG). With a professional staff of four, the IADG has successfully placed or expanded well over 200 businesses in Iowa since its creation in 1986. During the last two months of 1988, for example, IADG placed eight new businesses on REC lines.



James P. Wenstrand President of the Board of Directors Nyman Electric Cooperative

These new loads have helped to offset some of the weather changes and loss of farm loads in Iowa. We look to the IADG to continue to aid our growth in the future.

Many utilities are diversifying to balance out some of the highs and lows of the industry. CIPCO has an opportunity for diversity through Central Iowa Energy Cooperative (CIECO) and will be studying possible alternatives for investment.

Mergers and acquisitions are in the news daily. Over the years CIPCO has strived to operate in such a manner as to preserve the integrity and stability of the organization. By maintaining a financially sound cooperative with experienced leadership, we have thus far isolated ourselves from those who are targeted for takeover. It is our intention to continue such business practices and maintain our strong leadership position in the industry in order that we offer our members the most reliable service at lowest price.



John Heineman, Jr. Vice President Greene County Rural Electric Cooperative



G. Franklin Walter Adams County Cooperative Electric Company



**Robert C. Schroeder** Eastern Iowa Light and Power Cooperative



Phyllis J. Hoge Linn County Rural Electric Cooperative



**Richard G. Mickelson** Secretary/Treasurer Rideta Electric Cooperative, Inc.



Carl D. Horman Assistant Secretary Treasurer Pella Cooperative Electric Association



Melvin W. Neil Benton County Electric Buchanan County Ru Cooperative Association Electric Cooperative Buchanan County Rural



Clarke Electric Cooperative, Inc.



**Retired** Director



Eastern Iowa Light and Power Cooperative

James B. Paper

Marshall County Rural

Electric Cooperative



Daryl M. Scott Farmers Electric Cooperative, Inc.

Dale R. Newman

Maquoketa Valley Rural

Electric Cooperative



Joe O. Rohner Guthrie County Rural Electric Cooperative



Dale E. Hawkins South Iowa Municipal Electric Cooperative Association



Robert W. Fontinel T.I.P. Rural Electric Cooperative



The Board of Directors

# Highlights



Dennis Murdock Assistant General Manager

1988. CIPCO continually strives to move forward at a methodical, thoughtful pace. This year's list of accomplishments are ones any utility would be proud to claim. Among the results of programs this year are improved data communication systems, transmission lines and substations, all of which result in less outage time. Leading edge marketing and economic development programs are selling more kilowatt bours for Iowa. Following are highlights of the CIPCO system during 1988.

Everal CIPCO system manketing programs have drawn nationwide attention.

Under the direction of consultant Hank Norwood, President of National Utility Associales, The MAP, or Marketing Analysis and Planning Steering Committee mel during the summer of '88 to evaluate the current CIPCO system marketing program and make recommendations for the future.



Marketing in 1988 started out with a bang. A January **''We Put You First'' Marketing/ Economic Development Conference** held in Cedar Rapids drew over 130 directors, managers and key staff throughout the CIPCO system.

This top-quality conference was the first chance to get the 'team' together since the first Marketing Kickoff in September of 1985. The conference started on a high note as the "We Put You First'' Band and Singers livened the crowd with their rendition of "Gotta Put 'Em First!" Their songs throughout the first day of the two day conference helped set a positive mood and led into many marketing announcements. In addition to several informative and motivating speakers, an evening dinner and Awards Ceremony spotlighted the Marketing and Economic Development accomplishments throughout the CIPCO system.

One of the programs announced at this meeting, the **Water Source Heat Pump Marketing Program**, is one which has since drawn national attention for its success.

CIPCO has joined forces with Command-Aire Corporation (a water source heat pump manufacturer located in Texas) and K&E Distributing (an Iowa distributor) to purchase heat pumps in truckload quantities. This enables CIPCO to take advantage of factory price discounts and pass the savings on to the retail purchaser of the equipment. CIPCO's Board of Directors, Marketing Staff and Marketing Committee have taken the lead in Iowa to promote this concept and program.

This program has not only minimized the installation cost, but has improved the quality of installations by requiring a representative from the distribution co-ops to review and approve the specifications for each job and inspect the installation. Uniform advertising is being used throughout the CIPCO system for the program.

To ensure proper installation and maintenance of the heat pumps, a uniform contractor training and certification program will be developed. As a catalyst, CIPCO coordinated the donation of heat pumps to several Iowa community colleges. The donators included CIPCO, distribution cooperatives and investor owned utilities. The colleges will use the equipment for education and instructional purposes.

The MAP, or Marketing **Analysis and Planning** Steering Committee, met regularly during the summer months to evaluate the current marketing program and make recommendations for the future. The Steering Committee was made up of the Marketing Committee and other representatives throughout the CIPCO system, led by consultant Hank Norwood, President of National Utility Associates. The group made many tough decisions; among them were provisions for a more flexible marketing program at each local distribution cooperative, and increased program support from CIPCO personnel.

Throughout the year CIPCO and its member systems utilized the slogan "We Put Value On The Line'' and related media materials with various marketing programs. The slogan and campaigns were developed by Basin Electric, Bismarck, N.D., as a regional program. CIPCO again led the way in lowa to join with this regional program, knowing that a strong, uniform message coming from many electric utilities adds credibility to our own local programs. Today this program is being used throughout lowa as a joint state-wide effort.

In 1987, CIPCO embarked on an aggressive effort to develop a process for conducting a Power Requirements Study (PRS) on antongoing basis. The current PRS, scheduled for completion in February 1989, will yield energy and demand forecasts for the fifteen year period from 1988 through 2002. The load forecasting method employed will result in projections for each of C1PCO's sixteen member cooperatives as well as the total CIPCO system. The PRS will be evaluated and updated each year on an ongoing basis.



Employees from distribution cooperatives throughout the CIPCO system met in June to learn aboul their role in an End use survey that was conducted in 1988.

0

CIPCO's forecasting method requires an in-depth analysis of historical sales data within each of the standard REA revenue classifications (i.e., residential/ farm, seasonal, small and large commercial, etc.). Subsequent to this analysis, mathematical models are developed which track historical data with a high degree of accuracy. These models are driven by key variables which have been found to significantly affect electricity use. Some of the variables used in CIPCO's rural residential model include the price of electricity, persons per household, corn and hog production and farm size. These input variables are integrated with other data such as population projections and changes in end use saturations to produce a load forecast.



As a catalyst, CIPCO coordinated the donation of water source beat pumps to several lowa community colleges. These colleges will use the equipment for education and instruction purposes. This type of program belps to insure that there will be qualified contractors to install water source beat pumps in the future. The electric water source beat pump is the most economical method of home beating and cooling available loday.



Louie the Lightning Bug delivered "We Put You First" pastries to employees at Benton County ECA (sbown) and Nyman Electric. Employees at the two cooperatives earned the pastries and the special Louie visit by winning a contest for most 'new dual fuel' installations. In addition, **CIPCO** spotlighted cooperatives and special people for their exemplary achievements in marketing and economic development at the January "We Put You First" Marketing/ **Economic Development Awards** Ceremony and Conference.

5

### Highlights

 $9 \cdot 8 \cdot 8$ 

The forecasting effort is centralized from the standpoint that CIPCO is responsible for managing and coordinating the entire process to meet the forecasting needs of the G&T as well as individual member cooperatives. This centralized approach results in increased forecasting accuracy and efficiency since the process is coordinated throughout the CIPCO system and duplication of effort is eliminated.

CIPCO's member cooperatives have significant responsibilities associated with the ongoing PRS project. Member co-ops initially developed an extensive elevenyear historical data base by compiling monthly data on the number of consumers served, energy sales and revenue received. The cooperatives are responsible for maintaining their individual data bases and updating them on an annual basis. Member cooperatives also played a significant role in administering an end-use survey in June 1988. CIPCO system managers have ample opportunity for input, adjustment and approval of the forecasting effort as it relates to their individual cooperative. Sound working relationships have been established between CIPCO and its members which will significantly enhance future coordination of forecasting efforts.

The primary reason for conducting a Power Requirements Study is to comply with REA's long established policy of requiring loan applicants to provide load forecasts as a prerequisite to loan approval. In addition, results of the PRS provide a basis for other important long range studies including financial forecasts, power supply and transmission planning. The PRS is also critically important to CIPCO's marketing function. Results of end use and attitudinal surveys, along with an analysis of projected load characteristics, are essential elements in the marketing planning process to ensure that programs are designed to have a positive long-term impact on the CIPCO system.

The Iowa Area Development Group, IADG, stands out as a very successful CIPCO marketing program.

Since their development in 1986 IADG director Jack Bailey, and his staff, in cooperation with participating utilities, have put together over 36 new company developments on REC or municipal lines — of which almost half are in the CIPCO service area. In

#### **1988 PROJECT ANNOUNCEMENTS**

Company	Type Project	Location	Power Supplier
Weber Metals	expansion	Cascade	Cascade Municipal
Crystal Tool & Die	expansion	Cascade	Cascade Municipal
National By-Products Research	new	Muscatine	Muscatine Power
Magna Metals	new	Wilton	Eastern Iowa Light & Power
Mesquakie Indian Center	new	Tama	T.I.P. REC
Pioneer Hybrid	expansion	Durant	Eastern Iowa Light & Power
Hawkeye Tile Company	expansion	Lenox	Lenox Municipal
Communication Data Services, Inc.	expansion	Wilton	Wilton Municipal
Precision Pulley	expansion	Corning	Adams Electric Cooperative
Refrigeration Tech	new	Afton	Rideta Electric Cooperative
Campbell Soup Broiler	new	rural	Rideta Electric Cooperative
TSC Academy	new	Lamoni	Lamoni Municipal
Communication Data Services, Inc.	expansion	Stratford	Greene County REC
Rockwell International	expansion	Coralville	Linn County REC
DNA Tech	new	Coralville	Linn County REC
Products Unlimited	new	Cascade	Maquoketa Valley REC
Precision Idler	new	Lenox	Lenox Municipal
MSI Mold & Tool	new	Swisher	Linn County REC
Heartland Products	new	Lenox	Rideta Electric Cooperative
Central City Manufacturing	expansion	Central City	Linn County REC
Dexter RV	expansion	Winterset	Winterset Municipal 👘 🤹
RESCAR	relocate	rural Linn Co.	Linn County REC

addition, they have helped in 33 business expansions of which 13 are in the CIPCO service area.

Staff member **Al Collet** was added in 1988 to service existing business development.

During 1988 the IADG assisted in the development of lowa Network Services, Inc. INS is an Iowa corporation developed to offer long-distance telecommunication services and to provide Centralized Equal Access Service, giving 136 independent telephone companies access to the nationwide communication system. Iowa is the first state in the nation to expand fiber optic digital transmission with a network of this type. The IADG is promoting this concept to industry as 'metropolitan high tech in a rural area' - a slogan that has netted them a record response compared to any advertisement they have done to date.

The IADG is proud to claim that they have been a leader in attracting business that 'adds value' to lowa agricultural products and also that the IADG has made Iowa a leader in poultry production. To refine their focus even more, the IADG completed The Battelle **Survey** — a systematic and realistic assessment of the development potential in selected geographical subregions of Iowa and the CIPCO/IADG service areas. Battelle Research, North America's largest research firm, conducted this rurally targeted industry study for the IADG.

The Battelle survey for CIPCO/ IADG is a first for both the state of Iōwa and for the nation. From this study the IADG has so far been able to identify six target industries that they are focusing on. For example, the IADG is advertising in publications and attending trade shows specific to these target industries.

lowa Venture Awards were given at the close of 1988 by the IADG. These awards recognize outstanding achievement and leadership in rural economic development within the IADG service territory (CIPCO, Corn Belt, NIPCO, L&O, SIMECA, NIMECA, WIMECA, Muscatine Power & Water). Presented by lowa Governor Terry Branstad, the awards were given at a special Venture Awards Luncheon during the annual meeting of the lowa Association of Electric Cooperatives, IAEC. Twelve awards were given to industries that during the year have expanded or announced



Rockwell International Avionics Group of Coralville, which is served by Linn County REC, was one of twelve lowa Venture Award winners. The Iowa Area Development Group gives these awards to recognize outstanding achievement and leadership in rural economic development within the IADG service territory.

expansion representing a total investment of more than \$80 million and 1,441 jobs. Governor Branstad also received an ''Excellence In Leadership'' Award from the IADG in cooperation with the IAEC.



Iowa Venture Award Winners in the CIPCO System

Rockwell International Avionics Group, Coralville, served by Linn County REC

Magnimet Corp., Wilton, served by Eastern Iowa Light & Power Cooperative

Cardinal IG, Greenfield, served by Greenfield Municipal

2

# **Highlights** $1 \cdot 9 \cdot 8 \cdot 8$

A recent study conducted by the Iowa Association of Business and Industry shows that over 70% of Iowa businesses are planning to expand in the next 3 to 5 years. This knowledge provides CIPCO systems, both distribution cooperatives and municipals, with a tremendous opportunity to establish and maintain close contact with their commercial and industrial customers. In cooperation with the IADG, the local utility can help these customers with their short and long term plans for growth in a manner which will assure them of continued reliability and efficient management of their electrical load.

IADG has also been active in economic development education for community leaders. The highly regarded series **"Training Your Team For Economic Development"** was presented with the cooperation of seven of the CIPCO cooperatives to community leaders for more than thirty towns within the CIPCO service area.

During 1988, IADG also helped to strengthen the development network by getting ClPCO managers involved with their respective **satellite center directors** at a seminar focusing on how the



RECs can work together with the various state and local groups involved with development.

This year also saw the launch of the IADG sponsored **rural entrepreneurship seminars**, designed to assist entrepreneurs through the intricacies of starting a business. The day-long seminars are being held at various locations statewide.

On July Ist, more than 200 employees and directors of CIPCO and their families gathered at Lake Panorama, Iowa for a firstever event: **CIPCO Fest '88**.

The day's activities included boat ride tours of the lake, horseshoe and volleyball tournaments, golf, bingo, dunk tank, and after dinner, a service award ceremony. The finale of the day was a beautiful fireworks display over Lake Panorama.

CIPCO Fest '88 provided a casual atmosphere for employees



from the various CIPCO offices to become better acquainted, and in many instances, to meet for the first time. It also provided an opportunity for interaction between CIPCO employees and directors — an opportunity which seldom occurs.

The picnic was declared a success by the employees and directors alike. The results of a survey following the picnic indicated that 95% of the employees are in favor of future employee/director picnics.



Over 95% of the CIPCO employees and directors who attended the first annual "CIPCO Fest" at Lake Panorama, declared the day a success and want a repeat in '89. A picture is worth a thousand words as proof of their festive day. This was the first time employees and their families from the five CIPCO/ CIECO offices have met faceto-face.

During 1988 CIPCO redefined their **corporate image**. CIPCO's goal was to develop a professional business image which would create long term positive impressions upon such audiences as employees, directors, members, employee peer groups, the public, other utilities, government agencies, and suppliers.

The major goal of a corporate. identity program is to provide a positive visual impression of an organization. IPCO's goal was to develop a more professional business image which would create long term, positive impressions.



**Dick Anderson** Manager of Operations



Dwayne Augspurger<br/>Manager of Accounting<br/>and FinanceJack Bailey<br/>Director of Economic<br/>Development



Janel Cerwick Manager of Personnel Services



Don Chaon Manager of Data Systems



Craig Fricke Manager of Marketing



Dale KrohseGary SharpManager of EngineeringManager of Generation



Kathy Staskal Manager of Public Information

Highlights

 $1 \cdot 9 \cdot 8 \cdot 8$ 

Recognizing the necessity of a better-defined corporate identity for CIPCO, a task force was appointed to research and propose a plan of action to meet this need. The primary objectives of the CIPCO identity program were set forth by the Task Force as follows:

1. To strengthen employee pride and loyalty and promote a sense of belonging to the CIPCO organization.

2. To develop and promote a philosophy of corporate unity among employees located at the various CIPCO facilities.

3. To enhance community relations and heighten recognition of the CIPCO organization. The means to accomplishing these objectives were addressed and included the establishment of a CIPCO mark, the sale of corporate identity merchandise and the development of an employee service award program.

CIPCO has developed a mark which is unique to the Cooperative and is becoming recognizable to outside organizations as the mark of CIPCO. This mark is also being adopted by some of our member cooperatives in conjunction with their individual marks, identifying them as a 'CIPCO System.'

To further establish the corporate identity program, a line of **CIPCO merchandise** is available to CIPCO employees, directors and member systems for purchase. Among the items for sale are jackets, shirts, hats, mugs and key chains.

To acknowledge the continuing efforts and loyalty of the employees and as a means of fostering pride and self-worth, a policy for recognizing years of service has been implemented. Awards of certificates indicating the years of service completed and jeweled pins are presented to qualified employees. after each five years of service. Employees completing twenty years of service are presented a special award. In addition, a gift for the number of years of service is awarded to employees upon their retirement from CIPCO.

Above all, the CIPCO corporate identity program was developed to pull employees and directors<sup>‡</sup> within the CIPCO system together, and to create a team with an identity and a sense of pride.

Good public relations is stringing together a series of positive experiences to create an overall positive impression. During 1988, CIPCO worked toward this goal — knowing that favorable communications between the local REC or municipal and their members/consumers would in turn benefit all programs, whether it be selling hof water heaters or replacing a pole in someone's yard.

In the early days, utility companies were well-known for using home economists to demonstrate electrical products. With the coming of conservation, promotion of electrical use was diminished and the days of the

A 'mark' unique to CIPCO was developed in 1988. This mark and logotype were imprinted on a variety of merchandise ilems such as shirts, bats, pins, mugs and key chains — all in a color combination of burgundy and grey. This mark and color selection has given CIPCO its own identity, one that is quickly being recognized.

State Land



home economist demonstrations came to an end. Like all good things, the cycle appears to be coming full circle again and CIPCO coordinated a **''1988 REC Home Economist Program.''** 

This program supported the goals of the Marketing Program: to promote the value and use of electricity, to provide a benefit to our members, to continue to develop positive relations with our members, to design meetings based on the needs and interests of our members, and to focus more on what the REC can do for its members.

The program included REC Home Economist, Norma Vogt, who traveled throughout the CIPCO system giving pre-holiday cooking demonstrations and showing a display of the latest and best-selling electrical appliances. Participants at the demonstrations tasted Norma's delicious samples and also received a special edition of the "We Put You First" cookbook with recipes from REC staff members, directors or spouses from within the CIPCO system. The response was positive — over 95% of the attendees wanted a similar cooking program and cookbook give-a-way next year.

**Desktop Publishing**, which came to CIPCO in 1987, was well utilized in 1988. Out of this electronic publishing system came camera-ready copy or ready-to-use materials for members, such as hand books, history books, business cards, ad slicks, press releases, and brochures. This system is one which can be utilized by members in the CIPCO system. Any distribution cooperative or municipal system can type a document (for a brochure, book, etc.) into their PC word processing unit. Their disk can then be given to CIPCO to be transformed by desktop publishing software and a graphic artist into a well-designed piece.

Fositive public relations benefit all utility programs, whether it be selling hot water heaters or replacing a pole in someone's yard.

Home economist Norma Vogt traveled throughout the CIPCO system giving pre-boliday cooking demonstrations and showing a display of the latest and best-selling electrical appliances. Participants at the demonstrations tasted Norma's delicious samples and also received a special edition ''We Put You First'' cookbook.

11

### Highlights

 $1 \cdot 9 \cdot 8 \cdot 8$ 

Once a year, the CIPCO management team takes time out to participate in the opening session of the **Communication/ Member Service Conference**. This conference is sponsored by CIPCO and is held at the CIECO offices at Lake Panorama. The management team uses this informal setting to talk with



Louie the Lightning Bug, a safety character with a safety program, greets visitors to the REC Tent at the World Ag Expo during September. Louie, first introduced to Iowa RECs by the CIPCO system, is a popular figure today. communicators, member service directors and interested managers about a variety of topics, such as current CIPCO projects, future goals, system needs, problems or questions. The next two days are filled with seminars and speakers specially selected from year to year to address current system concerns and educational needs. Bobby Keen highlighted this year's conference with a hands-on session about "Value-Added Marketing." Together, Keen and the participants were able to analyze what this concept meant to the growth of our cooperatives. They creatively found solutions which could be readily used upon returning home.

A CIECO railroad right of way, now overgrown with bushes and brambles is being transformed into a **33-mile recreational trail** stretching from Waukee to Yale in central Iowa. The trail was created through a unique partnership between Central Iowa Energy Cooperative (CIECO), The Iowa Trails Council and the Dallas and Guthrie County Conservation Boards.



The opening of this trail was announced in ceremony by Iowa Governor Terry Branstad on March 17, the same day that he declared Iowa as "The Trails State." This trail will be the longest trail in the state for bicycling, hiking and cross country skiing.

CIECO is an affiliate of CIPCO. It purchased Lake Panorama and nearby land in the late seventies when demand for power was soaring, and CIPCO felt it would need to build a new power plant. CIECO planned to use the lake as a water supply for its coal-fired generating station, and the rails for transporting coal to the plant. Demand for electricity fell off in the early 1980s and the power plant project ended.

While CIECO and CIPCO foresee no plant construction, the cooperatives wanted to preserve the site. After months of negotiations, CIECO purchased the railroad right-of-way from the Chicago and Northwestern Railroad which was considering abandoning it. However, the National Trails Systems Act prevented the abandonment because it is being established as a public recreational trail. Under an agreement signed on December 22 of '87, CIECO retains the right to use the land for transmission line routing or if power plant construction plans are resurrected.

Completion of the trail is still a few years away.

Fair Station had a record year for generation and coal burned. Generation exceeded 322,000 megawatt hours and coal consumption exceeded 173,000 tons. The thirty CIPCO employees met this challenge and came through with high marks as they unloaded more coal, handled more ash, and accomplished more maintenance tasks than ever before. Meanwhile, they managed to keep the plant among the cleanest in the country.

This plant, as well as other CIPCO plants is dispatched through ENEREX. Unit 2 consistently remains in the top 10 plants as a base load generation unit as far as fuel cost is concerned. As a result, this unit has been on line whenever it is available. This fact, combined with a low forced outage rate, resulted in a record year. Approximately one-half of



the coal burned at Fair Station will be purchased under a **new five year contract** starting in 1989. This contract plus spot purchases of coal for the balance of CIPCO's needs, assures us that fuel costs for Fair Station will compare favorably with other generation sources for the next five years.

#### **Capacity Summary**

Unit	Fuel	мw	% of Total
DAEC	Nuclear	108.0	24.6%
Council Bluffs #3	Coal	77.6	17.7%
Louisa	Coal	29.9	6.8%
Fair	Coal	66.0	15.0%
Summit Lake	Oil/Gas	95.5	21.7%
<b>Total Owned Capacity</b>		377.0	85.8%
WAPA Purchase	Hydro	17.0	3.9%
Coggon, Durant, Wilton	Oil	7.9	1.8%
SIMECA (as of 11-1-87)	Oil	37.5	8.5%
Total Capacity		439.4	100.0%

he thirty employees at Fair Station met this challenge and came through with high marks as they unloaded more coal, handled more ash, and accomplished more maintenance tasks than ever before.



**Peak Demand** 

Electric Plant Investment

## Highlights 1 9 8 8

### Sources of Kilowatt-Hours



Council Bluffs Unit #3 27.7%

Duane Arnold Energy Center 40.8%

Fair Station 20.8%

Summit Lake 0.5%

9.1%



4.0%
Interchange (other purchases)
- 3.7% The Duane Arnold Energy Center completed its ninth **refueling outage** since beginning operation in 1974. The completion of the last cycle saw the plant performing very well with higher generation totals in a shorter period of time than ever before.

CIPCO continues to have surplus capacity which should supply us well into the future. One of the areas to closely monitor will be the high summer peaks which CIPCO has experienced two years in a row. CIPCO is traditionally a winter peaking utility, but hot summers have caused summer peaks to exceed those of the winter period.

CIPCO has a diverse generation mix. Of total capacity, 25% is nuclear, 39% is coal-fired, 32% is oil-fired and 4% is hydro. CIPCO's oil-fired capacity is strictly peaking capacity. The generation mix is also well distributed in regard to base load, intermediate and peaking generation. Base load units are DAEC, Council Bluffs #3, Fair #2 and WAPA hydro.

Intermediate units are Louisa and Fair #1 which operate a high percentage of the time but are taken off-line during weekends or light-load periods.

The peaking units are those at Summit Lake and all diesel capacity held by municipals in the CIPCO system.



The CIPCO transmission system is divided into these four distinct but common operating areas, with crews reporting to CIPCO supervisors.

The CIPCO operating area stretches over 300 miles across the state with a total of 1,984 miles of transmission line and 32 transmission substations. Those facilities, along with the facilities of CIPCO's interconnected utilities, serve the 244 distribution substations of CIPCO's 15-member distribution co-ops and SIMECA.

Because of the geographic size of the system and CIPCO's different operating arrangements, the transmission system is divided into four distinct but common operating areas.

One of the highlights of the Operating Department in 1988 was the construction of the **new Wilton Operations Center**. Located with easy access at the intersection of I-80 and Highway #38, the new facility will house twelve operating personnel along with maintenance and construction materials, vehicles and equipment. The new Operations Center also houses the new Wilton Dispatch Center for crews servicing the Wilton Operating Area.

One of the primary objectives for the new Center was to locate all personnel, vehicles and material at one location for crew efficiency and better inventory control. Other advantages of the new Center are on-site fuel storage which allows the purchase of cheaper bulk fuel and a full wash and service bay to allow personnel to better maintain the big trucks and to perform routine service of all vehicles.

The Center also has warehouse and outside storage space available to store maintenance and construction material needed in the eastern half of the IE/CIPCO joint system. At the present time, there is more than 750 thousand dollars of IE/CIPCO joint system material stored on a temporary basis at the new site. Adequate space was built into the facility for future maintenance and construction crews to support the eastern portion of the IE/CIPCO joint system if the need arises.

As with any new tool, many uses are found once you have the tool. This was the case with the new Wilton facility when it was used as a technical training center to host an electronic Metering Technical Seminar in late February.

The Liberty 161/69 kV **Substation** is a strong link in the northeast portion of our system, and will supply adequate voltage for many years. It is located between CIPCO's Dundee Substation north of Manchester and the Interstate Power Lore Substation near Dubuque. The Liberty Substation provides important transformation capacity from the 161 kV bulk transmission system down to the 69kV subtransmission delivery system which will feed many of the REC substations in the area when they are converted to 69 kV sources in 1990.

The Liberty Substation has been completed and is waiting for the 69 kV lines to be connected to the station. Delays in the state franchising process have in turn delayed the connection of the lines.

CIPCO is sharing the Liberty Substation site with Maquoketa Valley REC. They replaced an old substation with a new 69/12 kV substation, located within Liberty's fence, which should give both systems additional equipment security and enhanced power supply continuity.

CIPCO engineers determined the need for a **microwave radio repeater station in tbe Corning area** in early 1988. Designs were made for several possible repeater sites. Upon learning that Adams County Cooperative Electric Co. needed to replace their tower in Corning, an agreement was made to share a new facility to meet mutual needs. Then, the two parties worked to build a tower and a building to house the delicate electronic equipment.

The tower will considerably enhance the performance of the CIPCO microwave system west of Creston. CIPCO had been experiencing communication failure at the rate of about 160 hours per year.

The new repeater station will relay information from CIPCO's Villisca and Carbon substations, which feed several REC substations. CIPCO dispatchers should now have immediate knowledge of the status of circuit breakers in the area because communication failures should be slashed to no more than 10 hours per year.

> IPCO's engineers are looking well into the future to design and maintain a transmission system our members can rely on.



Visit CIPCO's new Wilton Operations Center at the Junction of I-80 and Hwy. 38. The crew and new building represent a firm commitment by CIPCO to support the eastern poriion of the CIPCO system.

### Highlights 1 · 9 · 8 · 8

### A new microwave tower

gives the new Wilton Operations office statewide communications with utilities connected to the joint-use microwave system, in addition to communications with the Cedar Rapids and Creston CIPCO offices. Three microwave radio paths terminate at the new tower. This provides the radio technicians with the opportunity to perform a considerable amount of diagnostic work before they travel to a site to correct a problem.



Days of engineering, careful planning and manual labor went into the construction of this microwave radio repeater station in Corning, Iowa. The tower is shared by CIPCO and Adams County Cooperative. This too, represents a commitment by CIPCO to maintain and improve the transmission system.

CIPCO's supervisory control computer, returned from Corn Belt Power Cooperative in February, is connected to remote control units in the Wilton area substations by the microwave communication equipment located at the new building. The result is better communications, providing CIPCO's system operators with the information they need to control the CIPCO transmission system in the Wilton area. The new equipment avoids reliance on leased telephone lines, which have a long history of operating deficiencies and slow repair times by the telephone companies.

# In 1988 CIPCO placed in service the first group of electronic meter/recorders.

In the past, the collection of load information has been through magnetic tape media. The meters in the field drive a recorder that in turn places data pulses on a magnetic tape. Like other electronic devices, meter/recorders have become miniaturized and computerized. With the current technology, the meter/recorder device is the size of one of the old single meters. There are no moving parts and a small computer inside the meter/recorder keeps everything running smoothly.

The CIPCO computer department now collects load information with an electronic meter/recorder. In the field, the meter reader simply connects a hand held computer to the meter, collects the load information and moves on to the next meter. When the reader has completed the route, the meter reader returns to the local cooperative office. The hand held reader is then plugged into a modem and the information is transmitted over phone lines to CIPCO's mainframe computer for storage and processing.

The hardware and software systems that process the information brought back from the field, are undergoing the same monumental changes as the equipment in the field. It is no longer necessary to have a dedicated mainframe to process the load data. Processing can now be done on personal computers. The software controlling the processing is migrating to a multivendor environment versus the highly proprietary nature of past systems.

Keeping track of literally millions of documents in an office, both for accurate filing and efficient retrieval, is a thankless task. It is all too often done haphazardly, if it is done at all. To achieve efficient filing and retrieval of documents, CIPCO has chosen to implement a **laser optical filing system**.

The executive and vault protected documents (normally kept in large files and boxes) are scanned into the system through the optical scanner. This device constructs an electronic picture of each page and stores it on the optical disk. The magnetic storage disk inside the personal computer contains the database which tracks each image. After the documents are scanned, the filing system operator classifies the documents and may add notes pertaining to each document. To retrieve a document a person may construct

a very narrow or very wide search condition depending on how much is known about the document. The system provides the operator with a 'hit list' of all documents meeting the search conditions. By selecting an item on the ''hit list'' the operator may view the document on the screen or print the document.

CIPCO has implemented the new electronic filing and retrieval system in two of five basic document classification areas. The five areas are:

- 1. Executive and Vault Files
- 2. Off-site Record Center
- 3. DAEC Improvement Requisitions and Property Files
- 4. Accounts Payable Voucher Files
- 5. General Ledger and Payroll Reports



CIPCO's member systems can now receive power bills or other data 'same day' by way of the electronic computer bulletin board. Over 50% of CIPCO's members now retrieve and print data from CIPCO using this method. The bulletin board option was made available in early 1988 through the CIPCO computer department. Shown here is a demonstration of that system.

The first area is complete and is being maintained. The second area, off-site storage of documents, has helped CIPCO staff make the most of current office space. Kenwood Business Records Storage has assisted in this effort. Records stored off-site at Kenwood can be retrieved by phone conversation, FAX or by delivery. The third and fourth areas are intended to be future applications of the electronic filing system. The fifth area, General Ledger and Payroll Reports, will be implemented through the use of software accessing CIPCO's accounting computer.

CIPCO experienced an increase in kWh sales during 1988. Total sales of electric energy increased by 5.2% from the 1987 period. Energy delivered to REC members as well as municipal members increased. As indicated in the graph, CIPCO energy sales had been declining in the previous three years.

The 1988 average annual rate to member cooperatives of 4.6¢ per kWh was almost one-half mill less than the 1987 rate. With the increase in energy sales, however, this generated approximately \$2.8 million in additional revenue for 1988.



Energy Sales (MWb)

# $\frac{\text{Highlights}}{1 \cdot 9 \cdot 8 \cdot 8}$



1988 Operating Expense (including interest) Investment in electric plant increased by \$12 million while long-term debt decreased slightly, indicating the use of internally generated funds to temporarily finance plant construction. Funds in the amount of \$4.3 million were drawn from the Federal Financing Bank in 1988 for investment in construction projects. Temporary funding of other projects is being done with general funds while permanent financing is being sought from the Rural Electrification Administration.

No short-term debt was outstanding during 1988 or 1987 under a \$12 million line of credit with the National Rural Utilities Cooperative Finance Corporation.



**Operating Revenue** 

CIPCO invested \$11.6 million in nuclear fuel in 1988. Approximately \$5 million of this amount was used for the ninth refueling of the Duane Arnold Energy Center in December.

During the year CIPCO invested an additional \$2 million in an internal decommissioning fund for the purpose of providing sufficient funds to allow for the prompt removal/dismantling of the Duane Arnold Energy Center at the end of its useful life.

CIPCO continues to show a very healthy financial condition. Margins for the year were \$2.7 million on revenues of \$73.3 million. This represents a net margin of 3.7% of revenue as compared to 2.4% in 1987.

CIPCO's Debt Service Coverage (DSC) for 1988 was 1.32 compared to 1.28 in 1987. The Times Interest Earned Ratio (TIER) for 1988 was 1.17 compared to 1.11 for 1987. Both ratios exceed the 1.0 minimum required by the REA/CFC mortgage.

We encourage you to review the Accountants' Report for the years 1988 and 1987 prepared by Peat Marwick Main & Co. as set out in the following pages of this annual report.

### Accountants Report

## **KPMG** Peat Marwick

**Certified Public Accountants** 

Peat Marwick Main & Co.

1000 Davenport Bank Building 220 Main Street Davenport, IA 52801

### *The Board of Directors Central Iowa Power Cooperative:*

We have audited the accompanying balance sheets of Central Iowa Power Cooperative as of December 31, 1988 and 1987, and the related statements of revenue and expense, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Iowa Power Cooperative at December 31, 1988 and 1987, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Slat Manuich Stain & Co.

February 24, 1989



Member Firm of Klynveld Peat Marwick Goerdeler December 31, 1988 and 1987

		1988	1987
	Electric utility plant at cost (notes 2 and 7)	the meaning of the data for the second s	
ASSEIS	In service	\$ 287.043.099	277 057 744
(Note 4)	Less accumulated depreciation	100.930.953	93,770,936
		186,112,146	183,286,808
	Construction work in progress	7.386.316	5.354.048
	Nuclear fuel, at cost less accumulated	.,,	
	amortization of \$26,861,956 in 1988 and		
	\$23,538,023 in 1987	18,568,174	9,346,422
	Net electric utility plant	212,066,636	197,987,278
	Investments, at cost:		
	Investments in associated organizations	11,837,487	11,705,107
	Marketable securities-decommissioning fund	4,382,994	2,230,027
	Other investments	81,063	81,063
	Total investments	16,301,544	14,016,197
	Current assets:		
	Cash, general	495,668	397,146
	Cash, construction	33,559	171,444
	Temporary investments	3,519,015	12,684,026
	Accounts receivable, members	5,905,313	6,181,823
	Other receivables, primarily from affiliate	1,478,717	817,829
	Fossil fuel, materials and supplies	4,028,995	4,925,308
	Prepaid expenses	940,276	1,186,629
	Interest receivable	60,821	120,165
		3,240,034	3,008,195
	l otal current assets	19,708,998	29,492,565
	Deferred charges	9,343,599	10,335,627
		\$ 257,420,777	251,831,007
Capitalization	Capitalization:	<u>, , , , , , , , , , , , , , , , , , , </u>	
മന്ദ്ര് പ്രിപ്പിന്നുള്ള	Members' equity:		
	Membership fees	\$ 1,700	1,700
	Patronage capital	7,144,923	6,177,209
	Other equities (note 3)	19,017,246	17,317,085
	Total members' equity	26,163,869	23,495,994
	Long-term debt, excluding current	212 957 991	213 794 778
		239 121 860	237 290 772
	Current liabilities:		
	Current installments of long-term debt (note 4)	4.927.937	4.648.600
	Accounts payable	5.510.622	2,258.534
e	Accrued property taxes	4,115.758	4,016.766
	Other accrued expenses	192,090	193,316
	Advances from members	,	900,000
	Total current liabilities	14,746,407	12,017,216
	Other liabilities - decommissioning reserves	3,552,510	2,523,679
	Commitments and contingent liabilities (note a	8)	
		\$ 257,420,777	251,831,667

١.

.

...

. . .

See accompanying notes to financial statements.

## Statements of Revenue and Espense

Years ended December 31, 1988 and 1987

	1988	1987
Operating revenue:		
Electric energy sales	\$ 69,400,309	66,563,789
Rent of electric property	1,872,046	2,008,854
Miscellaneous electric revenue	279,776	232,585
Total operating revenue	71,552,131	68,805,228
Operating expenses:		
Purchased power	1,911,799	4,561,036
Operations:		
Production plant - fuel	16,41 <b>0</b> ,651	14,723,236
Production plant - other	9,732,639	9,332,274
Transmission plant	1,137,613	1,072,319
Maintenance:		
Production plant	5,128,234	4,029,803
I ransmission plant	2,316,604	1,937,204
Administrative and general	4,357,809	3,787,341
Depreciation and amortization	9,377,277	8,910,470
Decommissioning provision	1,028,832	929,960
Property and other taxes	4,304,878	4,243,785
lotal operating expenses	55,766,336	53,527,428
Net operating margin	15,785,795	15,277,800
Other revenue:		
Patronage capital allocations	166,409	140,128
Interest income	1,377,517	1,399,838
Miscellaneous income - principally from		
affiliated cooperative	201,017	173,472
Total other revenue	1,744,943	1,713,438
Net margin before interest charges	17,530,738	16,991,238
Interest charges:		
Interest on long-term debt	15,788,932	15,564,278
Allowance for borrowed funds used		
during construction	(958,355)	(240,390)
Net interest charges	14,830,577	15,323,888
Net margin	\$ 2,700,161	1,667,350

See accompanying notes to financial statements.

## Statements of Members' Equity

Years ended December 31, 1988 and 1987

Balance at         December 31, 1986       \$ 1,700       4,677,209       17,149,735       21,828,644         Net margin       -       -       1,667,350       1,667,350         Patronage capital allocated       -       1,500,000       (1,500,000)       -         Balance at       -       -       27,00,000       -       -         December 31, 1987       1,700       6,177,209       17,317,085       23,495,994         Net margin       -       -       2,700,161       2,700,161         Patronage capital allocated       -       1,000,000       (1,000,000)       -         Patronage capital settlement       -       (32,286)       -       (32,286)         Balance at       -       -       (32,286)       -       (32,286)	N	lembership fees	Patronage capital	Other equities	members' equity
December 31, 1986       \$ 1,700       4,677,209       17,149,735       21,828,644         Net margin       -       1,667,350       1,667,350         Patronage capital allocated       -       1,500,000       (1,500,000)       -         Balance at       -       -       2,700,161       2,700,161       2,700,161         Net margin       -       -       2,700,161       2,700,161       2,700,161         Patronage capital allocated       -       1,000,000       (1,000,000)       -         Patronage capital settlement       -       (32,286)       -       (32,286)	Balance at	1. T			
Net margin       -       -       1,667,350       1,667,350         Patronage capital allocated       -       1,500,000       (1,500,000)       -         Balance at       -       -       2,700,161       2,700,161       2,700,161         Net margin       -       -       2,700,161       2,700,161       2,700,161         Patronage capital allocated       -       1,000,000       (1,000,000)       -         Patronage capital settlement       -       (32,286)       -       (32,286)         Balance at       -       -       -       -       -	December 31, 1986	\$ 1,700	4,677,209	17,149,735	21,828,644
Patronage capital allocated       -       1,500,000       (1,500,000)         Balance at       -       -       2,700,161       2,700,161         December 31, 1987       1,700       6,177,209       17,317,085       23,495,994         Net margin       -       -       2,700,161       2,700,161         Patronage capital allocated       -       1,000,000       (1,000,000)       -         Patronage capital settlement       -       (32,286)       -       (32,286)         Balance at       -       -       -       -       -	Net margin	-	-	1,667,350	1,667,350
Balance at         December 31, 1987       1,700       6,177,209       17,317,085       23,495,994         Net margin       -       -       2,700,161       2,700,161         Patronage capital allocated       -       1,000,000       (1,000,000)         Patronage capital settlement       -       (32,286)       -       (32,286)         Balance at       -       -       -       -       -       -	Patronage capital alloca	ted -	1,500,000	(1,500,000)	-
December 31, 19871,7006,177,20917,317,08523,495,994Net margin2,700,1612,700,161Patronage capital allocated-1,000,000(1,000,000)Patronage capital settlement-(32,286)-(32,286)Balance at	Balance at				
Net margin         -         -         2,700,161 <td>December 31, 1987</td> <td>1,700</td> <td>6,177,209</td> <td>17,317,085</td> <td>23,495,994</td>	December 31, 1987	1,700	6,177,209	17,317,085	23,495,994
Patronage capital allocated-1,000,000(1,000,000)Patronage capital settlement-(32,286)-(32,286)Balance at(32,286)-(32,286)	Net margin	-	-	2;700,161	2,700,161
Patronage capital settlement - (32,286) - (32,286) Balance at	Patronage capital alloca	ted -	1,000,000	(1,000,000)	· _
Balance at	Patronage capital settler	nent -	(32,286)	-	(32,286)
	Balance at				
December 31, 1988 \$ 1,700 7,144,923 19,017,246 26,163,869	December 31, 1988	\$ 1,700	7,144,923	19,017,246	26,163,869

See accompanying notes to financial statements.

## Statements

Sec. And 

of Cash Flows

5627

Years ended December 31, 1988 and 1987 

	1988	1987
Cash flows from operating activities		
Net margin	\$ 2,700,161	1,667,350
Adjustments to reconcile net margin to net cash	+ _,,	.,
provided by operating activities:		
Depreciation and amortization of electric		
utility plant	8,534,462	8,044,675
Amortization of deferred charges	2,997,536	3,143,854
Amortization of nuclear fuel	3,323,933	2,678,564
Decommissioning provision	1,028,832	929,960
Capitalized interest	(2,401,207)	(3, 198, 142)
Patronage capital allocations	(950,555)	(240,390)
not received in cash	(163,685)	(140,128)
Amortization of investment premium	13.674	. –
Increase in accounts receivable	(384,378)	(835,719)
Decrease in fossil fuel, material and supplies	896,313	169,753
Decrease (increase) in prepayments and		
interest receivable	305,697	(248,739)
Increase (decrease) in accounts payable and		(1. 105.00.0)
(Decrease) increase in educated from memb	3,349,854	(1,435,864)
Net cash provided by operating activities	18 342 837	
Cash flows from investing activities:	10,042,007	
Additions to utility plant, not	(12 202 068)	(0 547 557)
Purchases of nuclear fuel	(11,587,330)	(238 824)
Increase in decommissioning fund	(2.166.641)	(2 230 027)
Increase in investment in associated	(,,,	(2,200,021)
organization	-	(541,017)
Receipt of prior years' patronage capital allocation	on <b>31,305</b>	185,290
Receipt of deferred charges	124,973	-
Net cash used by investing activities	(26,989,761)	(12,372,135)
Cash flows from financing activities:		
Principal payments on long-term debt	(4,887,450)	(4,488,767)
Proceeds from long-term borrowings	4,330,000	3,493,370
Net cash used by financing activities	(557,450)	(995,397)
Net decrease in cash and cash equivalents	(9,204,374)	(2,032,358)
Cash and cash equivalents at beginning of year	13,252,616	15,284,974

Supplemental disclosure of cash flow informat	lion:	
Cash paid during the year for interest	\$15,703,273	15,507,929
Supplemental disclosure of non-cash investing		, ,
and financing activities:		
Receipt of inventory in lieu of cash relating to		
	<b>A AFAAAA</b>	

coal settlement	\$ 253,000	
Patronage capital settlement	\$ 32,286	

See accompanying notes to financial statements.

a territor and the second second

いたの

Notes to Financial Statements

December 31, 1988 and 1987

Note 1 Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The accounting records of Central lowa Power Cooperative (the Cooperative) are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Electrification Administration. Central lowa Power Cooperative is an electric generation and transmission cooperative providing wholesale electric service to its sixteen members. The Cooperative is not subject to external rate regulation other than by the Rural Electrification Administration.

Distribution of margins of the Cooperative are made in accordance with the provisions of the Code of Iowa.

#### (b) Electric Utility Plant

Depreciation of electric utility plant in service is provided over the estimated useful lives of the respective assets on the straight-line basis.

During 1985, a study was performed to estimate the costs to decommission the Duane Arnold. Energy Center (DAEC). Based on the results of the study, the Cooperative estimated that its portion of the costs to decommission the DAEC will be approximately \$31,000,000 (in 1985 dollars) which is projected to begin in 2011. The present value of the future decommissioning costs is being recovered over the remaining life of the DAEC using the sinking fund method.

Maintenance and repair of property and replacements and renewals of items determined to be less than units of property are charged to expense. Replacements and renewals of items considered to be units of property are charged to the property accounts. At the time properties are disposed of, the original cost, plus cost of removal less salvage of such property, is charged to accumulated depreciation.

#### (c) Allowance for Funds Used During Construction

The allowance for funds used during construction represents the estimated cost, during the period of construction, of borrowed funds used for construction purposes. The composite rates used to calculate the allowance approximated 8.2% for 1988 and 7.7% for 1987.

#### (d) Nuclear Fuel

The cost of nuclear fuel, including capitalized interest and taxes, is being amortized to fuel expense on the basis of the number of units of thermal energy produced in relationship to the total thermal units expected to be produced over the life of the fuel. Nuclear fuel expense includes a provision for estimated spent nuclear fuel disposal cost which is being collected currently from members.

(e) Fossil Fuel, Materials and Supplies

Fossil fuel, materials and supplies are stated at moving average cost.

#### (f) Marketable Investment Securities

Marketable securities and temporary investments consist of U.S. Government securities and CFC commercial paper. These investments are stated at cost which approximates market.

#### (g) Pension Plan

The Cooperative's policy is to fund pension costs accrued.

### Note 1

Summary of Significant Accounting Policies, Continued

### (h) Deferred Charges

Deferred charges consists principally of cancelled project costs, major maintenance and other fuel costs incurred during the refueling of the nuclear reactor and a one time fee for spent nuclear fuel used to generate electricity prior to April, 1983. These costs are being recovered through rates over various amortization periods as follows: cancelled project costs, ten years ending in 1995; refueling outage costs, fifteen months ending in 1990; and the one time fee for spent nuclear fuel, thirteen years ending in 1998. The amount of these costs to be amortized in 1989 has been reflected as a current asset in the balance sheet.

### (i) Statements of Cash Flows

In 1988, the Cooperative adopted Statement of Financial Accounting Standard No. 95 which requires a statement of cash flows in place of a statement of changes in financial position. The statement of changes in financial position presented for 1987 has been replaced by the statement of cash flows.

The Cooperative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of the statement of cash flows.

### (j) Reclassification

Certain accounts for 1987 have been reclassified to conform with the presentation for 1988.

Note 2 Electric Utility Plant in Service The major classes of electric utility plant in service at December 31, 1988 and 1987 and depreciation and amortization for 1988 and 1987 are as follows:

		C Dec	ost at ember 31,	Deprecia amor	ation and tization	Composite rates (%)
		1988	1987	1988	1987	
Intangible plant	\$	405,193	271,087	9,775	9,612	3.10- 4.00
Production plant	2	18,598,520	213,885,070	6,711,831	6,279,556	3.10-3.85
Transmission plant		63,259,401	58,595,926	1,498,438	1,485,648	2.75
Distribution plant		454,256	454,256	12,914	12,914	2.75-2.88
General plant		4,325,729	3,851,405	301,504	256,945	3.00-16.00
Electric utility						
plant in						
service	\$2	87,043,099	277,057,744	8,534,462	8,044,675	

### Note 3 Other Equities

Other equities consists of the following:

	Decen	nber 31,
	1988	1987
Unallocated margin	\$ 2,700,161	1,667,350
Reserve for contingent losses	12,727,630	12,789,980
Surplus	3,589,455	2,859,755
	\$ 19,017,246	17,317,085

The reserve for contingent losses is a discretionary reserve established by the Cooperative for unexpected future losses.

Noites to Financial Statements (continued))

> Note 4 Long-Term Debt

1.11

 $(\mathbf{f}_{i}, \mathbf{f}_{i}) \in [\mathbf{f}_{i}] \times [\mathbf{f}_{i}]$ 

A. Lever

Long-term debt consists of the following:	Dece	mber 31.
	1988	1987
Rural Electrification Administration (REA) - 2% and 5% mortgage notes payable, due in quarterly installments approximating \$1,490,000, including interest, maturing through June 2019	\$ 73,436,564	76,435,465
Federal Financing Bank (FFB) - 7.319% - 14.043% mortgage notes payable, guaranteed by the Rura Electrification Administration (REA), due in quarterly installments approximating \$2,732,000, including interest, maturing from December 2010	2019 - S. 1997 -	
through 2020	107,782,255	104,202,954
National Rural Utilities Cooperative Finance Corporation (CFC) - 7% mortgage notes payable due in quarterly installments approximating \$297,000, including interest, maturing from December 2006 through April 2009	12,269,297	12,580,330
National Rural Utilities Cooperative Finance Corporation (CFC) - variable interest rate (9.5% at December 31, 1988) notes payable, due in quarterly installments approximating \$205,000, including interest, through March 31, 2020	8,898,819	8,951,701
Central Iowa Power Cooperative members - 7% unsecured notes payable, due in quarterly installments approximating \$56,000, including interest, until maturity on January 2, 2006	2,223,917	2,290,111
City of Council Bluffs, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) - 4.70% - 6.125%, due in annual installments through December 1, 2007	3,900,000	4,015,000
Louisa County, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) - 8.6% - 10.625%, due in annual installments through December 15, 2003	3,660,000	3,770,000
Eastern Iowa Light and Power Cooperative - capital lease obligations, 2% and 5%, due in quarterly installments approximating \$170,000, including interest, through 2012	5,715,076	6,197,817
Total long-term debt	217,885,928	218,443,378
Less current installments, net of advance payments	4,927,937	4,648,600
Total long-term debt, excluding current installments	\$212,957,991	213,794,778

Note 4 Long-Term Debt, Continued

The aggregate maturities of long-term debt for the five years ending December 31, 1998 are as follows: 1989, \$4,927,937; 1990, \$5,503,090; 1991, \$5,663,717, 1992, \$5,635,873 and 1998; \$5,847,083.

At December 31, 1988, the Cooperative had \$10,236,677 of unadvanced funds available from long-term loans approved by REA, CFC and FFB, and \$12,000,000 of unadvanced funds available under a short-term line of credit agreement with CFC which expires in November 4989 All assets of the Cooperative are pledged to secure the long-term debt to REA. FFB and GFC

Note 5 Pension Plan

The Cooperative participates in a multi-employer pension plan (the plan) which covers substantially all employees. The accumulated plan benefits and plan net assets of the plan are not determined or allocated separately by individual employer. Pension expense amounted to \$205,000 in 1988 and \$192,000 in 1987.

Note 6 Income Tax Status

Note 7 Jointly-Owned Electric Utility Plant The Cooperative is a nonprofit corporation under the laws of Iowa and is exempt from Federal and state income taxes under applicable tax laws.

The Cooperative's share of jointly owned generating facilities at December 31, 1988 is reflected in the following table. These facilities provide approximately 50% of the Cooperative's total generating capacity. The Cooperative is required to provide financing for its share of the units. The Cooperative's share of expenses associated with these units is included with the appropriate operating expenses in the statements of revenue and expense.

Unit	Percentage ownership	Capacity MW	Electric utility plant, net
Duane Arnold Energy Center	20.0%	108	\$74,260,239
Council Bluffs Unit #3	11.5%	78	28,159,436
Louisa Generating Station	4.6%	30	25,732,550

Note 8 Commitments and Contingent Liabilities The Cooperative has entered into an agreement to guarantee all costs associated with and payable to the National Rural Utilities Cooperative Finance Corporation for loans made to an associated cooperative. At December 31, 1988, the associated cooperative had outstanding loans of approximately \$3,739,000 (\$3,654,000 long-term, \$85,000 short-term) which are secured by real estate of the associated organization.

The Cooperative has entered into a five-year coal supply contract with a mining company through 1993. The terms of the agreement require the Cooperative to purchase annually a minimum of 75,000 tons at an estimated 1989 delivery price per ton of \$22.50. This is approximately 65% of the annual coal requirements of the Cooperative's 55 MW unit at the Fair Generating Station.

Under the Price-Anderson Act, all nuclear power station operators are subject to public liability for a nuclear incident which is currently limited to \$650 million per incident. Coverage of the first \$160 million is provided by private insurance with the balance provided by retrospective premium assessments against each licensed nuclear unit in the United States. As a joint owner of the DAEC, the Cooperative is a party to the insurance policies covering such nuclear incidents which are maintained by Iowa Electric Light and Power Company (70% owner and operator of DAEC) and is charged for its proportionate share of such insurance costs. In the event of an incident at any nuclear plant in the United States in excess of \$160 million, the Cooperative could be assessed a maximum of \$1,000,000 per incident, with a maximum assessment of \$2,000,000 in one year.

### Tem Year Financial Summary

	1988	1987	1986	1985	1984
Summary of Operations	- 1020				
Operating revenue	\$ 71,552,131	68,805,228	67,660,629	71,132,939	64,242,14
Operating expenses and interest:					
Purchased power	1,911,799	4,511,217	3,228,972	10,651,421	9,310,48
Operations and maintenance	34,725,741	31,144,655	29,793,316	27,569,688	26,630,59
Administrative and general	4,357,809	3,787,341	3,231,141	3,073,865	2,592,44
Depreciation and amortization	9,377,277	8,910,470	8,546,967	7,253,123	7,698,87
Decommissioning provision	1,028,832	929,960	838,831	754,887	-
Property and other taxes	4,364,878	4,243,785	4,222,102	3,994,490	4,206,41
Net interest charges	14,830,577	15,323,888	15,769,131	14,500,285	13,496,87
Total operating expenses					
and interest	70,596,913	68,851,316	65,630,460	67,797,759	63,935,69
	955.218	(46,088)	2,030,169	3,335,180	306,45
Other revenue	1.744.943	1,713,438	1,726,608	1,034,308	809,93
Net margin (deficit)	2,700,161	1.667.350	3,756,777	4,369,488	1,116,39
Accote					iliante Altante de la composition
ASSCIS Electric utility plant	339 859 546	315 296 237	305 693 465	295.189.519	293,659,87
Loss accumulated depreciation		0,0,200,200			and the second second
and amortization	127 792 910	117.308.959	107.009.719	96,551,822	
	212 066 636	107 087 278	198 683 746	198 637 697	206:202:49
Net electric utility plant	16 201 544	14 016 197	11 290 315	9 341 109	9 290 7
Currentinents	10,301,344	29 492 565	29 299 708	25 142 825	15 022 75
Deferred charges	9 343 599	10 335 627	11 591 849	12.522.126	6.835.98
Tatal amosto	\$257 120 777	251 831 667	250 865 618	245 643 757	237 351 98
	\$257,420,777	201,001,007			
Capitalization and Liabilities					de la compañía
Members' equity	26,163,869	23,495,994	21,828,644	18,071,867	13,702,37
Long-term debt	212,957,991	213,794,778	215,331,259	213,309,618	202,731,53
Spent nuclear fuel disposal liability	—				4,735,98
Current liabilities	14,746,407	12,017,216	12,111,996	13,507,385	16,182,08
Deferred credits	—	·			
Decommissioning reserves	3,552,510	2,523,679	1,593,719	/54,887	
Total capitalization and liabilities	\$257,420,777	251,831,667	250,865,618	245,643,757	237,351,98

	and the second			
1983	1982	1981 -	1980	1979
58,643,815	53,224,842	37,733,578	33,749,010	36,604,784
5,354,110 30,392,265 2,602,144 6,484,118	1,728,760 28,190,534 2,597,290 6,998,930	4,131,037 15,491,146 1,828,824 5,039,075	5,298,884 14,213,687 1,650,805 4,874,488	7,306,095 14,022,867 1,507,885 4,502,641
3,815,460 9,873,776	3,589,478 9,177,792	3,035,812 6,773,875	2,924,455 6,525,146	2,586,880 5,561,903
58,521,873	52,282,784	36,299,769	35,487,465	35,488,271
121,942 534,427	942,058 783,548	1,433,809 421,782	(1,738,455) 815,199	1,116,513 2,431,305
656,369	1,725,606	1,855,591	(923,256)	3,547,818
280 625 042	265 446 255	100 005 722	178 875 850	164 070 697
200,000,040	200,440,200	130,030,722	170,070,002	104,370,007

77,433,944	68,916,957	51,084,244	44,908,794	39,088,078
203,201,099	196,529,298	139,011,478	133,967,058	125,882,609
8,730,585	7,713,720	7,207,594	7,294,751	6,835,697
17,319,460	17,293,393	8,928,450	9,175,865	8,989,909
7,978,297		804,883	2,691,693	3,149,271
237,229,441	221,536,411	155,952,405	153,129,367	144,857,486
		··· ·		
13,126,587	12,470,218	11,631,927	10,081,007	11,004,263
203,720,613	198,030,109	136,224,533	135,780,781	126,069,401
4,735,981				
15,646,260	11,036,084	8,069,202	7,238,931	7,753,454
		26,743	28,648	30,368
		—	—	
237,229,441	221,536,411	155,952,405	153,129,367	144,857,486

1.28

and and a second

# Member Cooperative Operating Statistics

<b>a</b>			Adams	Benton	Buchanan	Clarke	Eastern	Farmers
Summary of O	perations				<u> </u>			
Operating Revenue			\$ 2,103,422	4,064,054	5,217,400	4,615,829	21,541,731	6,141,797
Purchased Power	······································		1,277,499	2,645,755	3,603,763	2,583,873	14,270,163	4,273,538
Operating Expenses			478,935	685,140	827,187	962,803	3,156,443	911,019
Depreciation			150,251	169,417	267,786	303,474	1,254,157	320,254
Tax Expense			47,291	69,154	86,600	166,114	378,771	96,919
Interest Expense		1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	193,575	280,120	403,444	403,288	1,190,679	442,300
Total Cost - Electric	Service		2,147,551	3,849,586	5,188,780	4,419,552	20,250,213	6,044,030
Operating Margins	· · · · · · · · · · · · · · · · · · ·		(44,129)	214,468	28,621	196,278	1,291,518	97,767
Non-operating Marg	ins & Capital Credits		77,763	162,041	218,845	92,142	1,000,151	156,249
Patronage Capital or	Margins		\$ 33,634	376,509	247,465	288,420	2,291,669	254,016
Assets and Ot	her Debits							
Total Utility Plant			5,578,024	7,547,740	10,761,311	12,600,447	44,050,834	12,518,766
Accumulated Depre	ciation & Amortization		1,527,219	2,133,557	2,580,341	3,933,173	10,536,028	3,325,837
Net Utility Plant			4,050,805	5,414,183	8,180,970	8,667,274	33,514,806	9,192,929
Property & Investme	nts		987,094	955,016	1,210,487	1,027,260	9,514,098	1,390,782
Current & Accrued A	Assets		502,044	966,947	1,003,796	1,182,688	9,258,923	1,217,372
Deferred Debits			20,329	716	4,574	4,456	475,130	38,482
Total Assets		· · · · · · · · · · · · · · · · · · ·	\$ 5,560,273	7,336,862	10,399,827	10,911,678	52,762,957	11,839,565
	····							1 <b>4</b> .'
Liabilities and	Other Credits							
Margins & Equities			1,494,615	3,334,149	3,527,192	2,964,283	19,360,237	3,870,217
Long Term Debt			3,645,279	3,862,196	6,700,971	7,243,378	31,088,250	7,109,124
Current & Accrued L	iabilities		401,940	126,002	138,812	675,033	2,104,492	854,712
Deferred Credits & I	Visc. Operating Reserve	S	18,439	14,515	32,852	28,984	209,978	5,512
Total Liabilities			\$ 5,560,273	7,336,862	10,399,827	10,911,678	52,762,957	11,839,565
Other Statistic	S						1.000	4 766
Miles of Line			807	937	1,229	1,739	4,362	1,755
Consumers Served			1,758	3,310	3,401	4,101 07	10,090	4,039
Consumers Per Mile	) Umor		14 500	3.5 15 202	2.ठ 20 267	2.4 11 QRA	15 067	20.896
kwns sola per cons	umer		14,020 25 521	52 200	76.070	49 753	284 704	96,937
Appual Revenue po	r Consumer (\$)		1 196	1 228	1,534	1,112	1,140	1,324
Plant Investment pe	r Consumer (\$)		3.173	2,280	3,164	3,036	2,331	2,699
s ian in oour on po			-,					

### System Managers



Kennetb Stone Adams County Cooperative Electric Company and Nyman Electric Cooperative

30





Martin GardnerGlenn MaynardBenton County ElectricBuchanan County RuralCooperative AssociationElectric Cooperative



Robert Weaklend Clarke Electric Cooperative



**Melvin Nicholas** Eastern Iowa Light and Power Cooperative





4

**Roger Wieck** Greene County Rural Electric Cooperative

Farmers Electric Cooperative

la se al serve									
Greene	Guthrie	Linn	Maquoketa	Marshall	Nyman	Pella	Rideta	T∷l, P.	Total
en e									······································
7,074.714	4,285,160	10,972,492	14,231,676	4,610,595	1,641,753	2,453,703	2,421,024	6,116,219	\$ 97491 570
4,657,646	2,509,528	7,300,940	10,658,932	3,119,261	1,015,623	1,634,356	1,437,762	3,890,471	64,879,110
1,157,705	901,224	1,828,852	1,921,599	846,416	431,964	463,784	527,276	1,258,237	16;358,583
471,780	240,661	414,662	599,272	283,410	88,583	111,284	183,785	295,256	5,154,032
132,913	86,095	186,249	191,642	84,811	36,458	48,128	66,835	109,593	1,787,573
361,039	294,991	546,080	593,690	276,077	110,299	129,302	1/3,6/6	4 16,053	5,816,613
6,781,083	4,032,498	10,278,783	13,965,135	4,609,975	1,682,927	2,386,854	2,389,334	5,969,609	93,995,910
293,631	252,662	693,709	266,541	620	(41,174)	66,849	31,689	146,610	3,495,661
213,869	179,842	330,514	676,498	183,997	65,717	125,269	92,332	325,493	3,900,721
507,500	432,504	1,024,223	943,039	184,617	24,543	192,118	124,022	472,103	\$ 7,396,382
16,412,124	9,821,151	16,939,641	22,441,706	8,811,897	3,509,033	4,400,357	6.771.428	11.610.756	193.775.215
4,653,972	3,305,863	4,757,203	7,550,558	2,860,842	1,149,699	1,570,557	2,124,341	3,276,751	55,285,941
11,758,152	6,515,288	12,182,438	14,891,148	5,951,055	2,359,334	2,829,800	4,647,087	8,334,005	138,489,274
1,603,364	989,638	2,258,226	3,265,766	1,068,950	416,980	539,130	690,451	1,444,847	27,362,088
1,128,026	1,640,529	2,420,753	6,404,386	1,923,072	466,696	1,333,792	958,442	2,732,664	33,140,131
19,375	6,761	34,171	1,126	19,035	21,886	14,292	79,842	7,361	777,538
14,508,917	9,152,216	16,895,588	24,562,426	8,962,112	3,264,896	4,717,014	6,375,822	12,518,877	\$199,769,031
<u>.</u>									
6,266,587	3,334,155	5,949,187	12,834,263	3,450,813	1,024,061	1,963,992	1,885,811	5,218,547	76,478,110
7,180,729	5,438,628	9,840,787	11,334,649	5,051,449	2,086,816	2,525,001	4,214,782	6,550,321	113,872,360
1,059,501	300,198	968,628 136,986	342,012	456,289	151,594	219,236	220,097	728,529	8,813,075
4 508 917	9 152 216	16 805 588	24 562 426	9,062,112	2,423	4 717 014	6.075.800	10 5 19 977	\$005,468 \$100,360,031
4,300,917	3,132,210		24,302,420	0,902,112	3,204,090	4,717,014	0,375,622	12,516,677	\$199,769,031
									S
1,627	1,385	1,593	2,957	1,062	592	578	1,255	1,721	23,599
5,038	4,213	9,702	10,912	3,830	1,442	1,909	2,628	5,199	81,028
	3.U	1/ 260	3.7 18 265	3.6 15.562	2.4 13.575	3.3	2.1	3.0 15 050	3.4 15 907
91.762	48.275	138,437	200.399	59.602	19,575	31 520	27 669	78,263	1.280.806
1,404	1,017	1,131	1,304	1,204	1,139	1.285	921	1.176	1.203
3,258	2,331	1,746	2,057	2,301	2,433	2,305	2,577	2,233	2,391



4





Daniel Bohlke Marshall County Rural Electric Cooperative



Philip Visser Pella Cooperative Electric Company



**D. Reed Kline** Rideta Electric Cooperative



2

Darrel Heetland's 1-1.P. Rural Electric Cooperative

an an straight bearing rear

Č,

31

Kim Colberg Linn County Rural Electric Cooperative

**Dorothy Postel** Maquoketa Valley Rural Electric Cooperative







Adams County Cooperative Electric Company • Corning Benton County Electric Cooperative • Vinton Buchanan County Rural Electric Cooperative • Independence Clarke Electric Cooperative, Inc. • Osceola Eastern Iowa Light and Power Cooperative • Wilton Farmers Electric Cooperative, Inc. • Greenfield Greene County Rural Electric Cooperative • Jefferson Guthrie County Rural Electric Cooperative • Guthrie Center Linn County Rural Electric Cooperative • Marion Maguoketa Valley Rural Electric Cooperative • Anamosa Marshall County Rural Electric Cooperative • Marshalltown Nyman Electric Cooperative • Stanton Pella Cooperative Electric Association • Pella Rideta Electric Cooperative, Inc. • Mount Ayr South Iowa Municipal Electric Cooperative Association (SIMECA) Brooklyn, Cascade, Corning, Earlville, Fontanelle, Gowrie, Grand Junction, Greenfield, Independence, Indianola, Lamoni, LaPorte City, Lenox, Ogden, Panora, Preston, State Center, Stuart, Villisca, Winterset T.I.P. Rural Electric Cooperative • Brooklyn

### **Central lowa Power Cooperative**

P.O. Box 2517, Highway 13 and Bertram Road S.E. Cedar Rapids, Iowa 52406 • 319-366-8011





**Central Iowa Power Cooperative** P.O. Box 2517, Highway 13 and Bertram Road S.E. Cedar Rapids, Iowa 52406 • 319-366-8011