



November 1, 1979

Mr. Jerome Saltzman, Chief
Antitrust and Indemnity Group
Nuclear Reacto Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Re: Price-Anderson Act
Retrospective Premium System

Duane Arnold Energy Center
Docket No. 50-331

Dear Mr. Saltzman:

This letter is filed to comply with the provisions of the Price-Anderson Act regarding the Cooperative's guarantee of its ability to respond to a call for retrospective premium.

Corn Belt, a 10% owner, has reserved \$1 million of the \$13 million Line of Credit available from the National Rural Utilities Cooperative Finance Corporation. We attach a copy of a letter and agreement from the National Rural Utilities Cooperative Finance Corporation indicating the availability of the funds.

Yours very truly,

CORN BELT POWER COOPERATIVE


George W Toyne
General Manager

GWT:lb

enclosure

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New Customer Communications Program

Iowa Electric Light and Power Company has made a major reorganization of its customer communications program this fall aimed at "helping our customers save energy and money," according to vice president for corporate affairs Horace Webb.

In a highly visible departure from "low profile" paid communications, the Company has launched a major effort featuring full-page newspaper ads that it thinks will be "the best read of any this year."

The theme, "It's going to take all of us", unites an informational series developed to assist customers in practical approaches to conserving energy.

Three full page ads titled *Questions and Answers*, *Ways to Save* and *Insulation* were developed for the first phase of the campaign.

Daily, Sunday and weekly newspapers in the 55-county Iowa service area are carrying the ads in three intensive flights this fall. Full pages are running in 16 major population areas and smaller space versions are being used in weekly papers. Poster-type reprints of the full pages are being distributed to customers through local Company offices.

Webb explained: "We think we're being more helpful and more responsive than ever before. We have more to say and we're saying it better. By using survey techniques we have been able to learn what our customers want to know. Our new approach is designed to address these interests."

The fall program is the beginning of a long-range multi-media campaign that will carry through most of 1980. The company expects to expand it into broadcast ads next year.

Direct mail, posters, buttons and bumper stickers may also be used. "We'll use whatever we need to get the energy conservation message across," Webb said.

"How come my electric bill is always so high?"

Iowa Electric answers some of your toughest questions

The clipping shows a full-page newspaper advertisement. It includes a large headline, a sub-headline, and several columns of text. There is an illustration of a house and a small portrait of a man. The text discusses energy conservation and electric bills.

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The new customer communications program began in October with the full-page newspaper ad above. The page below is second in a series aimed at helping customers save energy and money. Third is "Insulation: the most effective way to control your energy bill." Daily, Sunday and weekly newspapers in the 55-county Iowa service area are carrying these or smaller space versions during October, November and December.

Tear out this page and pin it up where everyone can read it.

83 simple ways to use less electricity
(and they won't cost you a cent)

The page is a tear-out sheet with a grid of 83 numbered tips for saving electricity. The tips are arranged in columns and rows. There are small illustrations of a light bulb, a person, and a house. A pair of scissors is shown at the top right, indicating where to tear. The IEP logo is at the bottom right.

Dear Shareholder:

Your Board of Directors at its regular meeting on November 7, 1979, declared a common stock quarterly dividend of 40 cents per share, payable January 1, 1980 to common shareholders of record December 14, 1979. This is a 2½ cent increase over the quarterly dividends paid in 1979, and increases the annual dividend rate from \$1.50 per share to \$1.60 per share.

This increase reflects the sensitivity of the Board to the critical importance of dividends to the investors in Iowa Electric Light and Power Company. With the annual inflation rate continually increasing, it is hoped the Board can approve regular increases in dividends per share so as to attempt to alleviate some of the financial pressures caused by inflation.

But today's regulatory and socio-economic climate will make achieving this goal evermore difficult. Utility regulatory authorities at the state and federal level are feeling the pressure caused by special interest groups to put a stop to rising costs caused by upward inflationary pressure.

The Company filed in March of this year for an increase in rates that would increase revenues by \$11.4 million. This increase was allowed to go into effect on April 20, with collections being made under bond.

The Company and the Iowa State Commerce Commission, in March 1979, settled the previous rate case that was filed three years ago in May 1976. The Commission's ruling in this case allowed the Company to retain

over 90 percent of the monies collected through this requested increase. The Commission staff and the Company have agreed that the principal amount of the refund will be \$3,267,000 plus interest; however, the exact date that this refund will be issued has not been determined.

Also, the Commission agreed that \$25 million of the \$31 million in purchased power costs caused by the outage and repairs of the Duane Arnold Energy Center should quite properly be paid by our customers. There is still a dispute over the remaining \$6 million. The Company is vigorously pursuing favorable resolution of this matter.

In other Commerce Commission matters, Governor Robert D. Ray appointed Andrew Varley to succeed Maurice Van Nostrand, who resigned in June. Mr. Varley is a former speaker of the Iowa House of Representatives.

The Presidential Commission investigating the accident at the nuclear generating station on Three Mile Island in Pennsylvania issued its final report earlier this month. The report was highly critical of the owners, operators, and designers of the plant. In addition, the report was extremely critical of the Nuclear Regulatory Commission. The study stopped short of calling for a moratorium on the construction of new nuclear power plants, but said "fundamental changes will be necessary in the organization, procedures, and practices — and above all — in the attitudes of the Nuclear Regulatory Commission and, to the extent that the institutions we investigated are typical, of the nuclear industry."

If this Company is to succeed and grow, your help is vital. As shareholders, you have a personal interest in the laws and regulations which govern this



industry, especially those which impede its growth and progress.

The first step in seeking your help is to provide you with more information about the Company in a fashion that is easily understood. This newly designed shareholder bulletin is a first step in that process. Your comments and suggestions for ensuring that your interests as stockholders are protected are welcome.

Sincerely,

Duane Arnold

Duane Arnold
November 15, 1979

Iowa Electric Light & Power Company

Statements of Income (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1979	1978	1979	1978	1979	1978
	(in thousands)					
Revenues:						
Electric	\$ 50,438	\$ 47,042	\$144,052	\$120,995	\$185,366	\$155,639
Gas	11,718	9,854	66,939	54,428	88,249	71,551
Steam	1,093	944	3,879	3,327	5,234	4,571
	<u>63,249</u>	<u>57,840</u>	<u>214,870</u>	<u>178,750</u>	<u>278,849</u>	<u>231,761</u>
Expenses:						
Gas purchased for resale	11,678	9,163	53,642	41,770	72,783	57,267
Fuel for production	9,265	10,318	32,796	32,659	43,419	42,009
Purchased power	6,025	13,615	22,048	21,011	36,253	21,965
Other operation	15,037	3,267	36,356	13,423	34,934	19,955
Maintenance	2,935	2,686	8,834	9,339	11,972	12,659
Depreciation	4,839	4,652	14,590	13,956	18,695	18,278
Property taxes	2,944	2,876	9,010	8,627	11,283	9,852
Federal and state income taxes	2,280	3,411	8,897	13,084	12,890	18,030
Miscellaneous taxes	444	369	1,403	1,191	1,552	1,379
	<u>55,447</u>	<u>50,357</u>	<u>187,576</u>	<u>155,060</u>	<u>243,781</u>	<u>201,394</u>
Operating income	7,802	7,483	27,294	23,690	35,068	30,367
Other income	297	693	1,644	2,122	2,626	2,919
Interest expense	3,587	4,084	12,398	11,537	16,393	15,210
Net income	4,512	4,092	16,540	14,275	21,301	18,076
Preferred and preference dividend requirements	1,312	1,025	3,946	3,098	5,065	4,145
Net income available for common stock	<u>\$ 3,200</u>	<u>\$ 3,067</u>	<u>\$ 12,594</u>	<u>\$ 11,177</u>	<u>\$ 16,236</u>	<u>\$ 13,931</u>
Earnings per average common share	<u>\$0.43</u>	<u>\$0.42</u>	<u>\$1.71</u>	<u>\$1.54</u>	<u>\$2.21</u>	<u>\$1.93</u>
Average number of common shares outstanding	<u>7,413</u>	<u>7,280</u>	<u>7,375</u>	<u>7,244</u>	<u>7,358</u>	<u>7,232</u>

The following amounts, resulting from revised electric rates placed in effect in April 1979, replacement energy costs incurred since June 1978 and from revised gas rates placed in effect in September 1977, were billed subject to refund pending final decisions by the Iowa State Commerce Commission:

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1979	1978	1979	1978	1979	1978
	(in thousands except per share amounts)					
Revenues*	<u>\$5,302</u>	<u>\$416</u>	<u>\$11,076</u>	<u>\$1,922</u>	<u>\$12,200</u>	<u>\$2,556</u>
Net income and Net income available for common stock	<u>\$2,638</u>	<u>\$199</u>	<u>\$5,510</u>	<u>\$922</u>	<u>\$6,049</u>	<u>\$1,226</u>
Earnings per average common share	<u>\$0.36</u>	<u>\$0.03</u>	<u>\$0.75</u>	<u>\$0.13</u>	<u>\$0.82</u>	<u>\$0.17</u>

*Includes that portion of net replacement energy costs associated with an extended outage at the Company's nuclear-fueled generating station which is subject to refund. Such costs represent the net excess of actual cost incurred to supply energy (including purchased power) over estimated normal costs. Through September 30, 1979, \$22,785,000 of \$31,541,000 gross costs has been billed to customers; the balance is being deferred and will be billed over the period October 1979 — April 1980.

Balance Sheets (Unaudited)

	September 30	
	1979	1978
	(in thousands)	
ASSETS		
Utility plant, at original cost	\$679,800	\$626,359
Less — Accumulated depreciation	182,953	165,517
	496,847	460,842
Investments	9,118	7,827
Current assets	69,460	64,962
Deferred charges	3,183	3,777
	<u>\$578,608</u>	<u>\$537,408</u>
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common stock, par value \$2.50 per share; authorized 12,000,000 shares; outstanding 7,419,547 and 7,284,426 shares	\$ 18,549	\$ 18,211
Paid-in surplus	69,857	68,266
Retained earnings*	49,864	44,767
	138,270	131,244
Preferred and preference stock	67,570	54,195
Long-term debt	188,444	193,665
Total capitalization	394,284	379,104
Current liabilities	93,056	79,808
Accumulated deferred income taxes	66,892	61,848
Deferred investment tax credits	24,376	16,648
	<u>\$578,608</u>	<u>\$537,408</u>

*\$25,226,000 currently restricted as to payment of cash dividends.

Statements of Changes in Financial Position (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1979	1978	1979	1978	1979	1978
	(in thousands)					
SOURCE:						
Net income	\$ 4,512	\$ 4,092	\$ 16,540	\$ 14,275	\$ 21,301	\$ 18,076
Depreciation	4,839	4,652	14,590	13,956	18,695	18,278
Deferred taxes and investment tax credits	(1,174)	3,567	1,786	12,505	12,772	14,458
Cash dividends	(4,094)	(3,759)	(12,249)	(11,252)	(16,110)	(14,998)
Allowance for funds used during construction	(1,423)	(479)	(3,471)	(1,865)	(4,736)	(2,276)
Funds provided internally	2,660	8,073	17,196	27,619	31,922	33,538
Net proceeds from outside financing	(3,452)	28,294	(12,976)	36,493	3,863	60,428
	<u>\$ (792)</u>	<u>\$ 36,367</u>	<u>\$ 4,220</u>	<u>\$ 64,112</u>	<u>\$ 35,785</u>	<u>\$ 93,966</u>
APPLICATION:						
Funds used for additions to utility plant	\$ 10,158	\$ 17,463	\$ 31,801	\$ 38,966	\$ 50,459	\$ 59,098
Change in current position and other	(10,950)	18,904	(27,581)	25,146	(14,674)	34,868
	<u>\$ (792)</u>	<u>\$ 36,367</u>	<u>\$ 4,220</u>	<u>\$ 64,112</u>	<u>\$ 35,785</u>	<u>\$ 93,966</u>

Preference Stock Sinking Fund Redemption

Holders of the 8.65% Preference Stock and the 7.44% Preference Stock are advised that 2,500 shares of each series will be redeemed for sinking fund purposes on a pro-rata basis on January 1, 1980. Material regarding such action will be mailed to the holders of each series of preference stock during the latter part of November, 1979.

Income Tax Information — 1979 Dividend Payments

All dividends paid during 1979 will be subject to Federal income tax as ordinary income.

New Common Stock and Bond Offerings Announced

The Company has announced plans to offer to the public 1,000,000 new shares of common stock on or about December 4, 1979. The new common stock will be sold through a nationwide group of underwriters managed by E.F. Hutton & Company Inc. and R.G. Dickinson and Co.

The offering price of the new common stock will be determined at the time of the offering on the basis of the market price of the existing stock at that time. Purchasers of the new common stock will not have to pay any brokerage commissions.

As indicated in this report, The Board of Directors, on November 7, 1979, declared a quarterly dividend of \$.40 per share payable on January 1, 1980 to holders of record on December 14, 1979. Purchasers of the new common stock who hold such shares on December 14 will receive this dividend payment. If you are interested in purchasing any of the new stock to be offered, we suggest that you obtain a copy of the Preliminary Prospectus. The Preliminary Prospectus may be obtained from your broker, from any office of E.F. Hutton & Company or R.G. Dickinson & Co. or at the addresses below:

E.F. Hutton & Company Inc.
One Battery Park Plaza
New York, New York 10004
(212) 742-5000
Attn: Art Carine

R.G. Dickinson & Co.
910 Grand Avenue
Des Moines, Iowa 50308
(515) 247-8100
Attn: Donald J. Reneir

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS LETTER SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

On November 14, 1979, the Company filed an additional registration statement with the SEC for approval to issue \$25,000,000 principal amount of First Mortgage Bonds, Series S, due December 1, 2009. The Bonds will be sold at competitive bidding on or about December 12.

Proceeds from the above transactions will be used to repay outstanding commercial paper.

Nuclear Power Comeback Lightens Cost

— DAEC Building Solid Availability Record —

Workers at the Duane Arnold Energy Center (DAEC) are wearing broad smiles these days. The nuclear plant near Palo is fully operating and following all IE system requirements.

The DAEC has been generating electricity 96.3 percent of the time since last March 10, the date the plant returned to service after a nearly nine month outage for the replacement of recirculation pipes.

Despite that problem, the nuclear plant has actually compiled an excellent performance record in the five years-plus it has been in service. The DAEC is demonstrating once again its capability of providing reliable and dependable power to Iowa Electric's 197,000 electric customers.

No power plant — no matter what the fuel source — can operate all the time. A generating plant — nuclear, coal, oil or gas — must be shut down periodically for maintenance and overhaul. In the case of the DAEC, Nuclear Regulatory Commission re-

quirements call for occasional shutdowns. Whenever possible, these periodic maintenance projects are scheduled to coincide with refueling of the reactor.

Due to scheduled refueling and inspection shutdowns, nuclear plant availability can range only from 78 percent to 84 percent at best. For each of the DAEC's individual operating fuel cycles, which include refueling time, the DAEC's availability has been considerably better than the Boiling Water Reactor industry average.

Cycle 1 was 69.9 percent, Cycle 2 was 79.2 percent and Cycle 3 was 94.9 percent; while the industry averages were 67.1 percent, 70.9 percent and 73.5 percent respectively.

Cycle 4 will be completed in February, 1980, with scheduled refueling. Because of the long repair outage, total availability for this cycle is not expected to approach the levels of previous fuel cycles. The plant, however, has compiled a 96 percent plant availability record since restart.

This availability record has a profound and positive impact on the electric bills of Iowa Electric customers. Fuel costs for producing power at the DAEC is about four mills per kilowatt hour. (A mill is one-tenth of a cent.) Fuel costs for the Company's coal-fired units are about 18 mills (1.8 cents) per kilowatt hour.

The decision to build a nuclear plant was made by the Company's board of directors and management 12 years ago. It was a sound decision.

Although fixed costs associated with the nuclear plant are higher than those for fossil units, the total cost of energy from the DAEC is lower than any other available source.

Those lower costs are passed along to Company customers. Nuclear power has many calculable benefits. Your company believes the most important benefit is to move the U.S. closer to energy independence, relieving some of the intense pressure created by dangerous dependence on foreign oil.

NEED — Speaking Out On Nuclear Energy

More than 2,000 varied events, from a brunch for congressional wives in Washington to a joggers' mass relay race in California, marked Nuclear Energy Education Day — NEED — October 18.

In Iowa, some 150 events were held, more than 100 in the Iowa Electric service area. Fully committed to the NEED program, your company took an active role in this coordinated effort to build better understanding.

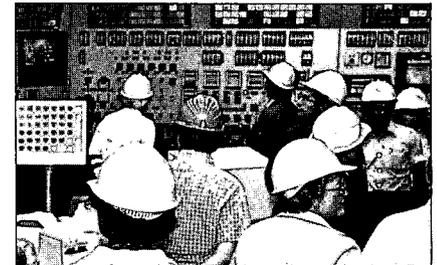
Company newspaper ads asked: "Got a question about nuclear energy?," and invited readers to call a toll-free 800 number manned by IE experts.

Other Company officials and members of the Duane Arnold Energy Center (DAEC) staff addressed luncheon and civic meetings throughout the day and fielded questions on radio call-in shows.

The day's activities in Iowa and across the nation also included informal discussions of nuclear energy in private homes, where nuclear experts answered questions from interested neighbors.

In addition, there were dozens of other special events around the country, involving a solar house in Arizona, a retirement community in Colorado, a church parish in West Virginia and appearances by prominent energy experts, government officials and civic leaders.

NEED was conceived by Nuclear Energy Women, a group comprised of women who work in the nuclear or related industries.



Iowa, Illinois and Nebraska NEED coordinators toured the LaSalle County Nuclear Power Station under construction at Seneca, Illinois during a July organizational meeting for Nuclear Energy Education Day.



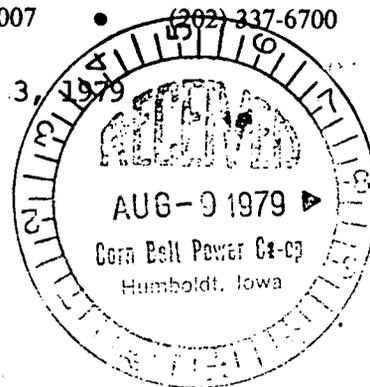
**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

1115 30th STREET, N.W., WASHINGTON, D.C. 20007

(202) 337-6700

August 3, 1979

Mr. George W. Toyne, General Manager
Corn Belt Power Cooperative
1300 North Thirteenth Street
Humboldt, Iowa 50548



Dear Mr. Toyne:

Re: Line of Credit #05-16-084-R-12

We are pleased to advise you that your system's applications for a line of credit for short-term loans in the amount of \$13,000,000 for a term of 12 months has been approved. A copy of the approved line of credit agreement (CFC Form 10) and the executed promissory note (CFC Form 24) are enclosed.

Please note that the Terms and Conditions of the agreement require:

- (1) that CFC be notified by the applicant of any delinquency or default on any of its obligations; (Section i)
- (2) that applicant will not, without prior written consent of CFC become obligated in respect of any indebtedness for moneys borrowed other than indebtedness to CFC or REA; (Section iii) and
- (3) that applicant will deliver to CFC a copy of financial and statistical reports prepared for REA and a copy of any CPA audit report prepared subsequent to the submission of the loan application. (Section v)

The CPA audit report should include a copy of the supplemental letter prepared by the auditor. We request that you submit a copy of REA Form 12 for every month in which a balance is outstanding on any advances.

CFC policy establishing the interest rate for line of credit loans provides that such interest rate will be bank prime rate plus 1 percent or such lesser total rate per annum, as may be fixed by the CFC Board. Under this policy the Board has provided that the interest rate shall be the bank prime rate plus 1/4 percent. (See enclosed memorandum for current interest rate).

Full or partial repayments of advances on the note may be made at any time and funds may be reborrowed as the need arises, so long as the total amount of advances outstanding at any one time does not exceed the amount of the note. This process may be repeated as often as necessary during the period of the line of credit.

Requests for advance of funds may be made by telephone or by letter. We should appreciate having notice at least one day prior to the date that the funds are required. If the request is by telephone, a letter confirming the request should be sent to CFC. Telephone requests for advances may be made to your Area Loan Examiner*, Loan Department, or the Money Desk, Finance Department. The funds will be wired to your General Funds Account at First National Bank, Humboldt, Iowa. The promissory note for your system's maturing \$13,000,000 line of credit (05-16-084-R-11) has been cancelled and will be returned shortly.

A stop-order has been placed on \$1,000,000 for the line of credit pursuant to Corn Belt's request. The stop-order amount will evidence the availability of \$1,000,000 to Corn Belt should it be called upon by the U. S. Nuclear Regulatory Commission (NRC) to provide Corn Belt's proportionate share of a retrospective premium which may be assessed by NRC to the Duane Arnold Energy Center (DAEC) participants. Upon submission of documentation that Corn Belt has been requested to meet its proportionate share of DAEC retrospective premiums, the stop-order will be removed.

Upon maturity of this line of credit, any outstanding balance may be converted to a 2-year intermediate-term loan at the request of the borrower. Under CFC policy, the applicant could then apply for a new line of credit at maturity of this line of credit less the amount of the outstanding balance converted to an intermediate-term loan. As the intermediate-term loan is subsequently repaid, the amounts repaid again become available as limits for line of credit loans.

If you have any questions, please let us know.

Sincerely,



Ira Shesser
Loan Officer

*Joe Cole

IS:sld

cc: Mr. Warren C. Snell, President
Mr. Doug E. Nordby, Budget Director