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 AUTH. NAME: AUTHOR AFFILIATION  
 REHNSTROM, J.B. Iowa Electric Light & Power Co.  
 RECIP. NAME: RECIPIENT AFFILIATION  
 SALTZMAN, J. Utility Finance Branch (formerly Antitrust & Indemnity)

SUBJECT: Forwards certified projected cash flow for 1980 & actual cash flow for 12 months ending Sept 1980. Nov 1980. shareholder's bulletin & util cooperative ltrs guaranteeing premium encl.

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Iowa Electric Light and Power Company

J.B. REHNSTROM  
SENIOR VICE PRESIDENT-FINANCE  
AND SECRETARY

November 20, 1980

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REGISTRATION SERVICES

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

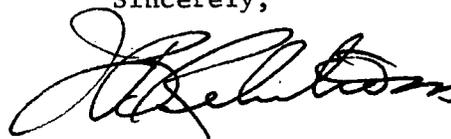
Re: Price-Anderson Act  
Retrospective Premium System  
Duane Arnold Energy Center  
Docket No. 50-331

Dear Mr. Saltzman:

Iowa Electric Light and Power Company herein submits a certified projected cash flow for 1980 and the actual cash flow for the twelve months ended September 30, 1980, both of which indicate that the Company's \$7,000,000 cash flow requirement can be generated and would be available for payment of retrospective premiums within three months. A November, 1980 Shareholders' Bulletin is also enclosed. The Company does not anticipate that any capital expenditures would have to be curtailed to ensure payment of the retrospective premiums.

Also enclosed are updated letters from Central Iowa Power Cooperative and Corn Belt Power Cooperative, the other partners of the DAEC. These letters establish the guarantees of the Cooperatives' ability to respond to a call for retrospective premiums.

Sincerely,



JBR:pc

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**Dear Shareholder:**

The Board of Directors of the company at its regular quarterly meeting on November 5, 1980, declared a common stock dividend of 41½ cents per share. The dividend is payable beginning January 1, 1981, to shareholders of record December 11, 1980. The 1½ cent increase in the dividend is a 3.8% increase over the quarterly dividend paid in 1980, and increases the annual dividend rate from \$1.60 per share to \$1.66 per share.

This action taken by the Board reflects its concern for the effect of inflation on the investors' dollar, and continues the policy of considering regular, prudent increases in dividends which are consistent with earnings.

Operating results for the third quarter of 1980 improved significantly over the same quarter in 1979. Net income available for common stock increased from \$3,200,000 to \$6,770,000 while

earnings per average common share improved from \$.43 to \$.80. Although net income for the nine and twelve month periods improved over 1979, earnings per share decreased because of additional shares outstanding.

The improved earnings resulted from a 9% increase in the use of electricity associated with the hot, humid summer, and the impact of the electric rate increase of May 25, 1980. The latter will aggregate approximately \$16,500,000 on an annual basis. A request for a gas rate increase of approximately \$5,300,000 on an annual basis was filed on September 15, 1980. This increase, which will benefit future earnings, should be in effect by mid-January. Our continued effort to minimize operating expenses has also contributed toward the improved earnings.

On November 4, the electorate of

this nation decided to change the leadership of the federal government. Exit interviews at the polls showed that the overwhelming reason for voting for a change at the White House was the failure of the current administration to curb inflation.

This economic problem impacts capital intensive industries, like utilities, perhaps more than any others. The ability to finance needed construction to meet rising energy demand was seriously impaired, and made more costly because interest rates rose as a result of federal monetary policy.

The new administration must be given the opportunity to develop plans and programs to cope with inflation, but I hope that you as investors will not relent in letting government leaders in Washington, and in state government, know that their decisions must create a favorable business climate if we are to grow again as a nation, and regain this country's position as the leader of the free world.

Beginning with this shareholder bulletin, a new feature will be included which will discuss matters related to regulatory, legislative action, and public referendums which may affect your interest as a shareholder in this company. I cannot urge you strongly enough to contact those legislators or regulators whose actions will be highlighted in future publications of this document.

Sincerely,



Duane Arnold  
November 5, 1980



Co-generation has been practiced by Iowa Electric and one of its major industrial customers for about 60 years. Oat hulls and corn cobs left over from grain processing at the Quaker Oats Co. plant in Cedar Rapids are regularly burned in a furnace to help generate electricity at the nearby Iowa Electric Sixth Street power plant. An overhead pneumatic conveyor (above) connects the two plants to transport the material.



Statements of Income (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1980	1979	1980	1979	1980	1979
	(in thousands)					
Revenues:						
Electric .....	\$ 58,706	\$ 50,438	\$156,993	\$144,052	\$205,238	\$185,366
Gas .....	12,554	11,718	71,793	66,939	96,981	88,249
Steam .....	1,343	1,093	4,795	3,879	6,248	5,234
	<u>72,603</u>	<u>63,249</u>	<u>233,581</u>	<u>214,870</u>	<u>308,467</u>	<u>278,849</u>
Expenses:						
Gas purchased for resale .....	12,404	11,678	60,906	53,642	84,616	72,783
Fuel for production .....	12,659	9,265	35,427	32,796	43,597	43,419
Purchased power .....	8,072	6,025	26,570	22,048	35,878	36,253
Operation —						
Change in energy adjustment clause balances .....	1,718	6,752	5,059	11,027	8,727	1,966
Other .....	10,028	8,284	31,154	25,329	40,292	32,968
Maintenance .....	3,430	2,935	11,702	8,834	14,909	11,972
Depreciation .....	5,119	4,839	15,356	14,590	20,118	18,695
Property taxes .....	2,023	2,944	8,773	9,010	11,929	11,283
Federal and state income taxes .....	5,538	2,281	10,672	8,897	13,375	12,890
Miscellaneous taxes .....	463	444	1,399	1,403	1,719	1,552
	<u>61,454</u>	<u>55,447</u>	<u>207,018</u>	<u>187,576</u>	<u>275,160</u>	<u>243,781</u>
Operating income .....	11,149	7,802	26,563	27,294	33,307	35,068
Other income .....	1,119	297	3,339	1,644	4,579	2,626
Interest expense .....	4,219	3,587	12,071	12,398	15,912	16,393
Net income .....	8,049	4,512	17,831	16,540	21,974	21,301
Preferred and preference dividend requirements .....	1,279	1,312	3,859	3,946	5,158	5,065
Net income available for common stock .....	<u>\$ 6,770</u>	<u>\$ 3,200</u>	<u>\$ 13,972</u>	<u>\$ 12,594</u>	<u>\$ 16,816</u>	<u>\$ 16,236</u>
Earnings per average common share .....	<u>\$0.80</u>	<u>\$0.43</u>	<u>\$1.66</u>	<u>\$1.71</u>	<u>\$2.01</u>	<u>\$2.21</u>
Average number of common shares outstanding .....	<u>8,595</u>	<u>7,413</u>	<u>8,548</u>	<u>7,375</u>	<u>8,358</u>	<u>7,358</u>

The following amounts, resulting from revised electric rates placed in effect in May 1980 and April 1979, and replacement energy costs incurred since June 1978, 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	
	1980	1979	1980	1979	1980	1979
	(in thousands, except per share amounts)					
Revenues*	<u>\$ 5,730</u>	<u>\$ 4,606</u>	<u>\$ 13,943</u>	<u>\$ 8,856</u>	<u>\$ 18,166</u>	<u>\$ 9,316</u>
Net income and Net income available for common stock .....	<u>\$ 2,851</u>	<u>\$ 2,291</u>	<u>\$ 6,937</u>	<u>\$ 4,406</u>	<u>\$ 9,038</u>	<u>\$ 4,627</u>
Earnings per average common share .....	<u>\$0.33</u>	<u>\$0.31</u>	<u>\$0.81</u>	<u>\$0.60</u>	<u>\$1.08</u>	<u>\$0.63</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. The gross costs of \$31,541,000 were billed to customers during the period of August 1978 — March 1980.

# Iowa Electric Light and Power Company

Balance Sheets (Unaudited)	September 30	
	1980	1979
	(in thousands)	
<b>ASSETS</b>		
Utility plant, at original cost .....	\$741,546	\$679,800
Less — Accumulated depreciation .....	<u>201,617</u>	<u>182,953</u>
	539,929	496,847
Investments .....	11,823	9,118
Current assets .....	69,108	67,490
Deferred charges .....	<u>3,269</u>	<u>3,183</u>
	<u>\$624,129</u>	<u>\$576,638</u>
<b>CAPITALIZATION AND LIABILITIES</b>		
Capitalization		
Common stock, par value \$2.50 per share; authorized 12,000,000 shares; outstanding 8,602,190 and 7,419,547 shares .....	\$ 21,506	\$ 18,549
Paid-in surplus .....	83,376	69,857
Retained earnings* .....	<u>52,894</u>	<u>49,864</u>
	157,776	138,270
Non-redeemable preferred stock .....	18,320	18,320
Redeemable preference stock .....	47,156	49,250
Long-term debt .....	<u>211,924</u>	<u>188,444</u>
Total capitalization .....	435,176	394,284
Current liabilities .....	91,470	91,086
Accumulated deferred income taxes .....	69,776	66,892
Deferred investment tax credits .....	<u>27,707</u>	<u>24,376</u>
	<u>\$624,129</u>	<u>\$576,638</u>

\*\$25,089,000 currently restricted as to payment of cash dividends.

Statements of Sources of Funds Used for Construction (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1980	1979	1980	1979	1980	1979
	(in thousands)					
<b>FUNDS PROVIDED INTERNALLY</b>						
Net income .....	\$ 8,049	\$ 4,512	\$ 17,831	\$ 16,540	\$ 21,974	\$ 21,301
Depreciation .....	5,119	4,839	15,356	14,590	20,118	18,695
Deferred taxes and investment tax credits .....	1,679	(1,174)	5,640	1,786	6,215	12,772
Cash dividends .....	(4,720)	(4,094)	(14,123)	(12,249)	(18,807)	(16,110)
Allowance for funds used during construction .....	<u>(1,794)</u>	<u>(1,423)</u>	<u>(5,012)</u>	<u>(3,471)</u>	<u>(6,539)</u>	<u>(4,736)</u>
Funds provided internally .....	8,333	2,660	19,692	17,196	22,961	31,922
<b>FUNDS (NET PROCEEDS) FROM OUTSIDE FINANCING</b>						
Funds from other sources — NET .....	3,110	(3,452)	29,592	(12,976)	42,247	3,863
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION .....	<u>1,794</u>	<u>1,423</u>	<u>5,012</u>	<u>3,471</u>	<u>6,539</u>	<u>4,736</u>
<b>FUNDS USED FOR CONSTRUCTION</b> .....	<u>\$ 15,764</u>	<u>\$ 12,530</u>	<u>\$ 47,845</u>	<u>\$ 36,659</u>	<u>\$ 64,318</u>	<u>\$ 56,582</u>

## New Security Offerings Announced

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The company has announced plans to offer to the public 1,000,000 new shares of common stock on or about December 3, 1980. 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 5, 1980, declared a quarterly dividend of 4½ cents per share payable on January 1, 1981 to holders of record on December 11, 1980. Purchasers of the new common stock who hold such shares on December 11 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

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

The company also plans to issue and sell \$30,000,000 principal amount of its First Mortgage Bonds, Series T, due 1990. These bonds will be sold by a group of underwriters managed by Goldman, Sachs & Co., 55 Broad Street, New York, New York 10004. That same firm will also be associated with the issuance of \$5,300,000 principal amount of First Mortgage Bonds, Series U. The Series U bonds are being issued as collateral for a like amount of Pollution Control Revenue Bonds to be sold by the city of Chillicothe, Iowa. Such bonds are being sold in connection with the financing of the company's 15% undivided ownership in certain pollution control facilities of the Ottumwa Generating Station owned by the company and others. Both sales are expected to be made in early December.

Proceeds from the sale of common stock and Series T bonds will be used to repay outstanding commercial paper and for construction and other corporate purposes.

**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.**

## Preliminary Steps Continue On New Generating Plant

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Preparations continue toward the goal of beginning construction on the new coal-fueled Guthrie County Generating Station in the spring of 1981.

A series of public hearings have been held by the Iowa State Commerce Commission in recent weeks and will continue into January. These are among the many steps and approvals required for construction permits.

The draft of the Environmental Impact Statement prepared for the Rural Electrification Administration has been completed for review by appropriate federal agencies, including the Environmental Protection Agency.

Iowa Electric is one of four utilities participating in the proposed 650-megawatt plant, estimated to cost approximately \$650 million. The plant is designed to assist in meeting the needs of the participating companies for additional generating capacity. Other participants are Central Iowa Power Cooperative, Interstate Power and Iowa Power and Light.

Iowa Electric will utilize the largest share of plant capacity, about 38%. Eleven municipal utilities also will share in output.

Iowa Electric is providing project management and will serve as the plant operator. Present plans call for plant completion by late 1984.

## Preference Stock Sinking Fund Redemption

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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, 1981. Material regarding such action will be mailed to the holders of each series of preference stock on or about November 17, 1980.

## ISCC Consolidates Electric Rate Increase Cases

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Separate electric rate increases sought by Iowa Electric in 1979 and 1980 will be considered jointly for final decision under a motion adopted by the Iowa State Commerce Commission.

The company has resisted the motion to consolidate the two cases on grounds that the commission allowed insufficient time to prepare evidence for justifying the rate increases. However, the company continues to act in good faith by discussing settlement of the rate cases with the commission.

The commission has directed the company to present testimony by December 1, 1980, and has scheduled a public hearing on the combined rate cases for March 2, 1981.

Iowa Electric now is collecting rates sought under both requests, subject to refund. Both rate applications, one filed March 19, 1979 and the other January 25, 1980, were for increases of approximately 8%.

Both the increases were requested due to rising costs of service caused by inflation.

## Company Files for Gas Rate Increase

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Iowa Electric filed an application with the Iowa State Commerce Commission September 15, 1980 for a 6.2% increase in natural gas rates. It is the first gas price increase requested by the company in three years.

The commission rejected the company's request to begin collecting the increase October 15, resulting in a 90-day waiting period.

The company now plans to begin charging the new rate January 15, 1981, subject to refund pending a final commission decision.

## Customers Reminded of Nuclear Power Savings

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More electricity at lower cost. That was the good news pointed out to customers by Iowa Electric in ads comparing rates for June, 1980 and June, 1979.

The average customer bill was \$30.82 for 521 kilowatt hours of electricity in June, 1980, compared with \$32.91 for 511 hours the previous June. That made the June, 1980 bill \$2.09 less for 10 more kilowatt hours.

The reason for the good news was the full operational capability this year of the Duane Arnold Energy Center. The lower cost of generating electricity with nuclear power at the plant brought a reduction of nearly 7% in customer bills.

The plant has continued in full operation throughout the summer and fall, providing benefits of lower nuclear generation costs even during the record peak electric demand days of the past summer.

## Planning Begins for Centennial Observance

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With Iowa Electric's 100th birthday coming up on August 18, 1982, planning is underway for observance of the Centennial.

An employee committee has been formed to consider and coordinate plans. Professor John Murray of Coe College is writing a history of the company which will be published for the Centennial.

## Income Tax Information — 1980 Dividend Payments

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All dividends paid during 1980 will be subject to Federal income tax as ordinary income.

## New Industry for City of Belmond

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The north central Iowa community of Belmond, served with electricity and natural gas from Iowa Electric, has been selected as the location for a new \$10 million industrial plant.

The Eaton Corporation, based in Cleveland, Ohio, will build a 130,000-square-foot facility in Belmond to manufacture valves for automobiles, trucks and heavy duty engines.

The plant will employ 250 persons and will be completed in the spring of 1982.

By assuring that adequate energy supplies will be available, Iowa Electric played a small but important role in assisting the Belmond Industrial Development Corporation in the community's efforts to obtain the new plant.

## Nuclear Emergency Plan Being Updated

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Updating of Iowa Electric's plan for meeting any nuclear emergency at the Duane Arnold Energy Center is proceeding in accordance with recommendations of the Nuclear Regulatory Commission (NRC).

The revised plan will be completed by April 15, 1981 for implementation by July 1, 1981.

The new plans were ordered by the NRC for all nuclear plant operators as a result of the Three Mile Island nuclear plant accident in March of 1979.

The new plan includes revised plant emergency procedures and rapid notification to the public of any emergency situation. State and local government agencies as well as the NRC also are involved in the emergency plan.

# Pending Issues



News of matters related to regulatory and legislative actions and public referendums which may affect Shareholders' interests.

## Nuclear Opponents Force Public Votes on Issues

Pro-nuclear power speakers, while not lightly dismissing the impact of Three-Mile Island, point out the only major health effect tied to the incident so far is mental stress.

Such is the factual record, along with the safety, economic and environmental benefits of nuclear power.

Still, the groups which would ban nuclear power, without offering practical energy alternatives, seek to force their will on the public through the ballot box.

At least five states had nuclear-related issues on their ballots in the November 4 election.

While Iowa voters did not face such an issue, the impacts of any referendums resulting in additional nuclear power restrictions can affect Iowa Electric and all other utilities.

Shareholders concerned with energy supplies and utility capabilities to assure supplies should be aware of these issues. Even if defeated, the issues may be repeated in some states and raised anew in other states.

States voting on nuclear-related issues November 4 included South Dakota, Arizona, Oregon, Montana and Washington. An issue also was included on the Missouri ballot.

An attempt reportedly is underway in Maine, where voters rejected a ban on nuclear power September 23, to force a second vote.

The results of further restrictions on nuclear power can be only higher energy costs and delays in overcoming dependence on foreign oil. For this reason shareholders always are encouraged to reject these anti-nuclear initiatives.

## Energy Policy Council to Study Utility Issues

Another state agency is planning to become involved in matters of rates which utilities can charge and whether they need to build new power plants.

The Iowa Energy Policy Council has indicated plans to study such matters, which under Iowa law are the responsibility of the Iowa State Commerce Commission.

Council Director Edward Stanek has stated his agency wants to examine the declining demand for electricity and the effect of energy conservation in relation to utility plans for new power plants. Stanek expressed an opinion that such issues are not being adequately considered, and said the council is charged with responsibilities in all energy areas.

An Iowa Utility Association spokesman said delays in planned power plants are evidence that utilities are responding to demand charges.

Commerce Commission Chairman Andrew Varley said the commission is looking at conservation effects in considering rate increases and new power plant authorizations.

Your opinion counts. As a shareholder, you may wish to contact your elected representatives and public officials by mail, phone or in person to express your views on various issues. Iowa Electric will be pleased to assist you by providing information on issues and contacts. For information, please write or call:

Department of Corporate Affairs  
Iowa Electric Light  
and Power Company  
P.O. Box 351  
Cedar Rapids, Iowa 52406  
Phone: 319-398-4166

IOWA ELECTRIC LIGHT AND POWER COMPANY

1980 INTERNAL CASH FLOW PROJECTION

DUANE ARNOLD ENERGY CENTER NUCLEAR POWER STATION

(IN THOUSANDS)

	Actual Twelve Months Ended September 30, 1980	Projected 1980
Net income after taxes	\$ 21,974	\$ 23,774
Less dividends paid	18,807	19,767
	-----	-----
	3,167	4,007
Adjustments:		
Depreciation and amortization	20,118	20,519
Deferred income taxes and investment tax credits	6,215	12,321
Allowance for funds used during con- struction	(6,539)	(5,783)
Replacement power costs incurred prior to 1980 during an extended outage at the DAEC and billed to and recovered from customers during 1980	9,273	5,280
	-----	-----
Total adjustments	29,067	32,337
	-----	-----
Internal cash flow	\$ 32,234	\$ 36,344
	=====	=====
Average quarterly cash flow	\$ 8,059	\$ 9,086
	=====	=====
Percentage ownership in all operating nuclear units	Duane Arnold Energy Center	70%
Maximum total contingent liability		\$ 7,000
		=====

The cash flow projection detailed above was prepared from the Company's internal cash forecast and such data represent the current estimate of the cash flow activity for 1980.

Date November 20, 1980

  
Treasurer