

50-331

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FILE NUMBER

INSURANCE

TO:

Mr. Jerome Saltzman

FROM:

Central Iowa Power Cooperative
Marion, Iowa
E. H. Williams

DATE OF DOCUMENT

12/06/77

DATE RECEIVED

12/08/77

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1 signed

DESCRIPTION

ENCLOSURE

Concerns National Rural Utilities Cooperative
Finance Corporation's approval to Central
Iowa Power Cooperative for a line of credit
for short-term loans in the amount of
\$14,000,000.....PLANT NAME: Duane Arnold
RJL 12/29/77

(1-P)

(2-P)+(4-P)

Dist Per I. Dinitz 12/23/77

1 ENCL

SAFETY

FOR ACTION/INFORMATION

DINITZ

W/21CYA FOR ACTION

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NRC-PDR

H. JORDAN

EXTERNAL DISTRIBUTION

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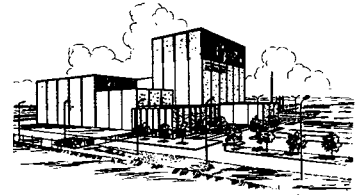
Insur 46

Central Iowa Power Cooperative

MARION, IOWA 52302

(319) 377-4811

December 6, 1977

E. H. WILLIAMS
GENERAL MANAGER

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:

Per your recent request we are enclosing for your information a copy of a letter from the National Rural Utilities Cooperative Finance Corporation granting approval to Central Iowa Power Cooperative for a line of credit for short-term loans in the amount of \$14,000,000. We would call your attention to Page 2, Paragraph 3, concerning the \$2,000,000 which has been reserved to meet the Cooperative's guarantee to respond to the call for retrospective premium in compliance with subject Act for its 20% ownership of the Duane Arnold Energy Center.

If you need any additional information or have any questions concerning this information, please do not hesitate to contact us. We will be most happy to be of assistance.

Yours truly,

CENTRAL IOWA POWER COOPERATIVE

E. H. Williams
E. H. Williams, General Manager

jdH

Enclosure

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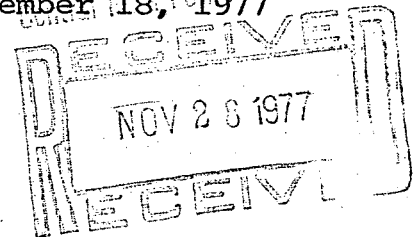
**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

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

(202) 337-6700

Mr. Edward H. Williams, General Manager
Central Iowa Power Cooperative
Post Office Box 389
Marion, Iowa 52302

November 18, 1977



Dear Mr. Williams:

Re: Line of Credit # 05-16-083-R-17

We are pleased to advise you that your system's applications for a line of credit for short-term loans in the amount of \$14,000,000 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 1/2 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.

When line of credit advances are used for front-end financing purposes in connection with a power supply project, CFC policy provides that any outstanding balance at maturity may be converted to an unsecured intermediate-term loan for a maximum period of two years at the intermediate-term interest rate. Any unadvanced amount of the maturing line of credit may be re-established as a new line of credit for a period of up to twelve months.

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 Farmers State Bank, Marion, Iowa. The promissory note for CIPCO's maturing \$12,000,000 line of credit (05-16-083-R-13) has been cancelled and will be returned shortly.

A stop-order has been placed on \$2,000,000 of the line of credit pursuant to CIPCO's request. The stop-order amount will evidence the availability of \$2,000,000 to CIPCO should it be called upon by the U. S. Nuclear Regulatory Commission (NRC) to provide CIPCO'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 CIPCO has been requested to meet its proportionate share of DAEC retrospective premiums, the stop-order will be removed.

If you have any questions, please let us know.

Sincerely,



Ira Shesser
Loan Officer

*Joe Cole

IS:ljm

PROMISSORY NOTE

\$ 14,000,000

Date November 18, 1977

On November 17, 1978, Central Iowa Power Cooperative,
a n Iowa corporation (herein called "Cooperative"), for value received, hereby promises
to pay to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (herein
called the "Payee"), at its office in Washington, D.C., 20024, the principal sum of the aggregate unpaid principal
amount of all Advances made by the Payee pursuant to that certain Line of Credit Agreement (herein called the
"Line of Credit Agreement") between the Cooperative and the Payee approved on November 18,
19 77, as listed on reverse side hereof, in lawful money of the United States, and to pay interest quarterly on all
amounts remaining unpaid hereunder from the date of each Advance in like money, at said office, on the 1st day
of each January, April, July and October, commencing on the first such date after such initial Advance at a rate
or rates of interest per annum (computed on the basis of a year of 365 days) equal to the lowest prime rate
published in the "Money" column of *The New York Times* in its last publication of that column in each month,
each change in rate being effective as of the first day of the month following such publication, plus one percent
per annum, or such lesser total rate per annum as may be fixed by the Payee from time to time, until payment in
full of the amounts advanced hereunder. All Advances made by the Payee pursuant to the Line of Credit
Agreement and all payments of principal and interest made by the Cooperative shall be endorsed by the Payee on
the reverse side hereof.

The Cooperative waives demand, presentment for payment, notice of dishonor, protest, notice of protest,
and notice of non-payment of this Note.

The Cooperative may at its option make prepayments of the principal hereof.

This Note is the Note referred to in, and has been executed and delivered pursuant to, the Line of Credit
Agreement.

Central Iowa Power Cooperative
(Name of Cooperative)

By E. H. Williams
(Signature)

E. H. Williams, General Manager
(Title)



National Rural Utilities Cooperative Finance Corporation

Line of Credit Agreement for Short-Term Loans

The undersigned hereby applies to National Rural Utilities Cooperative Finance Corporation (CFC), a District of Columbia cooperative association, for a line of credit for short-term loans in the amount of Fourteen Million dollars

(\$ 14,000,000) for 12 months from the date of approval. The applicant hereby agrees that, in the event CFC approves this application, the application and the approval thereof shall constitute a valid and binding loan agreement between the applicant and CFC. The applicant submits the following information in support of its application and represents and warrants that such information is true and correct:

1. Name of applicant: Central Iowa Power Cooperative
2. Address: P. O. Box 389
Marion, Iowa 52302

3. Supporting Documents: The following documents are submitted in support of this application, and the applicant represents and warrants that such documents are true, complete and correct:

a. Action by Directors

One certified copy of resolution of Board of Directors (Trustees) authorizing application as set forth above and execution of Note and such other instruments as may be required. (Conforming to CFC Form 11)

b. Action by Manager or Other Authorized Representative

1. One copy each of year-end report (REA Form 7 and 7a or 12a and 12h) for three preceding calendar years; monthly report (REA Form 7 or 12a) for month preceding date of application; Financial Forecast (REA Form 325); and most recent CPA audit report.

2. Statement, accompanying application, providing the following information:

- a. That there has been no material adverse change in the applicant's financial condition from that set forth in the financial statements, except as specified;
- b. Whether any loans are outstanding from sources other than REA and CFC, giving names of lenders, amounts, interest rates and maturity dates; and
- c. That applicant is not in default in respect of any of its obligations and no litigation is pending except as specified. If litigation is specified, add statement whether such litigation could materially and adversely affect the applicant's financial condition.

3. If applicant has lines of credit with other lenders, give names of lenders, amount of lines, interest rate and terms.

4. General funds account number, name and address of bank to which CFC funds are to be wired.

Terms and Conditions

Applicant agrees that the following Terms and Conditions shall constitute a part of the Line of Credit Agreement between the applicant and CFC:

- i. Applicant agrees to notify CFC while any Note issued pursuant to this Line of Credit Agreement is outstanding of any delinquency or default on any of its obligations. Applicant further agrees that the Note shall become immediately due and payable in full with accrued interest, without notice or demand, if such delinquency or default, or if the changed financial condition of the applicant, in the judgment of CFC, materially increases its risk hereunder. Applicant further agrees that CFC has the right to modify or cancel its line of credit or withhold advance of funds on the Note, if a changed financial condition of the applicant in the judgment of CFC materially increases CFC's risk hereunder.
- ii. Applicant agrees that loan proceeds will be used only for proper corporate purposes and consistently with the requirements of outstanding security documents of the borrower relating to its operations. Applicant agrees that the loan shall be repayable out of applicant's general funds and that loan proceeds are not to be deposited in applicant's Trustee's Special Construction Fund Account.
- iii. Applicant agrees that it will not, without prior written consent of CFC, create, incur, assume, guarantee or otherwise become obligated in respect of any indebtedness for moneys borrowed other than applicant's indebtedness to CFC or the Rural Electrification Administration (REA).
- iv. Applicant agrees that the representations and warranties contained in this agreement shall survive the making of advances hereunder.
- v. Applicant agrees that, so long as the Note shall remain outstanding, applicant will deliver to CFC, promptly upon their becoming available, a copy of all financial and statistical reports which applicant may file with REA and a copy of any CPA audit report prepared subsequent to submission of application.
- vi. If the Note shall not be paid at maturity, the applicant promises to pay the costs of collection including reasonable attorney's fees. If payment of any principal and/or interest due under the terms of the Note is not received at CFC's office in Washington, D.C. within 5 calendar days after the due date thereof (such unpaid amount of principal and/or interest being herein called the "delinquent amount", and the period beginning after such due date being herein called the "late-payment period"), the applicant will pay to CFC, in addition to all other amounts due under the terms of this Note and this Agreement, a late-payment charge equal in amount to interest at the rate of 9% per annum (computed for the actual number of days elapsed on the basis of a year of 365 days), or such lower rate as may be fixed by CFC from time to time, on the delinquent amount for the late payment period.
- vii. This Line of Credit Agreement and the Note shall be governed by and be construed in accordance with the laws of the District of Columbia.

Date 10-20-77

Central Iowa Power Cooperative

(Name of Applicant)

By

E. H. Williams
(Signature)

E. H. Williams, General Manager

(Title)

APPROVAL OF APPLICATION

Date 11/18/77

The above application for a line of credit for short-term loans is approved, provided that;
(See Attachment)

Pursuant to applicant's properly executed Note (CFC Form 24, January 1974) for the full amount of the line of credit, advances of funds will be made by CFC in such amounts as may be requested by the applicant from time to time so long as the outstanding unpaid balance of all such advances shall not exceed the full amount of the Note issued in accordance with this approved Line of Credit Agreement.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By

[Signature]
Governor

ATTACHMENT

Line of Credit Agreement
Central Iowa Power Cooperative

A stop-order in the amount of \$2,000,000 is placed on the line of credit to evidence the availability of that amount to Central Iowa Power Cooperative (CIPCO) should it be called upon by the U. S. Nuclear Regulatory Commission (NRC) to provide CIPCO's proportionate share of a retrospective premium which may be assessed CIPCO as a result of its 20% ownership participation in the Duane Arnold Energy Center (DAEC).

Upon submission of documentation that CIPCO has been requested to meet its proportionate share of DAEC retrospective premiums, the stop-order will be removed.