

— NOTICE —

THE ATTACHED FILES ARE OFFICIAL RECORDS OF THE DIVISION OF DOCUMENT CONTROL. THEY HAVE BEEN CHARGED TO YOU FOR A LIMITED TIME PERIOD AND MUST BE RETURNED TO THE RECORDS FACILITY BRANCH 016. PLEASE DO NOT SEND DOCUMENTS CHARGED OUT THROUGH THE MAIL. REMOVAL OF ANY PAGE(S) FROM DOCUMENT FOR REPRODUCTION MUST BE REFERRED TO FILE PERSONNEL.

DEADLINE RETURN DATE _____

RECORDS FACILITY BRANCH

Central
Iowa
Power
Cooperative

REGULATORY DOCKET FILE COPY

1985
Annual
Report

8605150346 860513
PDR ADOCK 05000331
I PDR

Docket # 50-331
Control # 8605150338
Date 05.13.86 of Document

REGULATORY DOCKET FILE

countries. The coop
sells power to South Iowa
Municipal Electric Cooperative
Association (SIMECA), an
organization which consists of
twenty municipals. CIPCO was
organized in 1946 to provide
electric distribution
cooperatives with reliable
power at the lowest possible
cost. Today, CIPCO has
ownership in the Duane Arnold
Energy Center, Louisa
Generating Station, Council
Bluffs #3 and Summit Lake.
CIPCO also leases Fair Station.
The Cooperative is a member
of Midcontinent Area Power
Pool (MAPP) and the North
American Reliability Council.

We Put You First!

Good service. Dependable product. Fair price. A voice in the operation of the business.

These are all traditional values of the rural electric cooperative.

In 1985, Central Iowa Power Cooperative, Corn Belt Power Cooperative and their member RECs recommitted themselves to these values through the formation and implementation of a new marketing program.

"We Put You First" was selected as the theme under which a number of marketing activities will be carried out.

A marketing program, if successful, will help the REC by increasing kilowatt hour sales. This, in turn, will benefit the member by stabilizing rates.

However, a good marketing program must also emphasize the importance of the member-consumer — the one ultimately responsible for the economic well-being of the cooperative — by promoting better service. Marketing must put the member first.

"We Put You First." It's a good slogan.

But even more important, it's a good way to do business.



from
the
Board
President

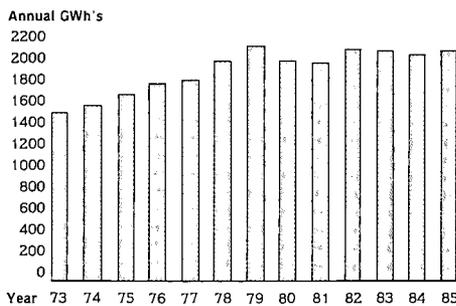


Edwin Bishop, President of the Board of Directors

Nineteen eighty five was a year of progress and decision making in structuring the cooperative for long term stability.

We have a very positive outlook on the future of Iowa, although here in the Midwest we have had two major influencing forces on our cooperative. First, utility industry trends and secondly, a major upheaval of our Iowa economy.

The utility industry is in a state of change and is experiencing trends in excess capacity and increased competition. Along with other utilities nationwide, CIPCO has an excess amount of generating capacity. This capacity is primarily due to a standstill of load growth since 1979. Increased use of electricity has not continued at seven or eight percent as it has for the past fifty years since rural electrification began.



Historical Energy Sales-CIPCO/Corn Belt

Instead, marginal decreases have come about since sales peaked in '79. Energy conservation, a poor economy and a declining rural population have contributed to that decline. During 1985 CIPCO experienced only a slight increase, .56% growth in sales to distribution cooperatives.

Power plants nationwide, which were built for a continued increase of load growth as trends indicated, are now not being used to capacity.

The Iowa economy, the second major influence on our cooperative, has been reeling in the midst of a weakened agricultural industry. Labeled an agricultural crisis, many now call it a Midwest crisis. Since the 1980's, Iowa farmers have collectively been facing the most difficult economic times since the Great Depression. High interest rates, a declining export market, dropping land values and low prices for farm products have taken their toll on the farm economy — and the state. Between 1970 and 1980, Iowa farm population declined by almost 27%. Rural non-farm population likewise dropped by 21% and the effect on our cooperative is seen as less electricity is used on the farms and rural residences.

Following the producers are the ag related industries and businesses. Plant closings, layoffs and low profits are typical of those industries which manufacture agricultural use products.

Rural electric cooperatives are important parts of the communities in which they are located. In many cases, the REC is one of the community's major businesses. A rule of thumb often used by rural sociologists and economists is that for every farmer, there are six other non-farm jobs in town (to provide goods and services for the farmer and his family). These six other people, likewise, are consumers of goods and services — and electricity. Agricultural loads and spin off loads in the community are essential to the successful future of the REC.

The CIPCO Board of Directors is running your cooperative as efficiently as possible during this time of industry change. Decisions made now have been for the long term good of the G&T, our distribution cooperatives and our member-consumers.

During 1985, we continued to structure our cooperative for long term stability. Of major importance has been the CIPCO/Corn Belt Pooling Agreement. Under the agreement, George Toyne

became the General Manager of both CIPCO and Corn Belt for a three year pooling period. At the end of which time we would either merge, continue the pooling agreement, or operate as separate entities. At the December meeting our 16 member board agreed, along with Corn Belt representatives, to continue movement toward merger or consolidation and directed increased pooling of activities between the two cooperatives during 1986.

A consolidation/merger committee was named which is to design a plan of merger or consolidation to be presented to our boards by midsummer. The Executive Committees and one manager representative from each power supply system serves on this committee.

Other pooling activities during 1985 will be covered in the management reports following.

I would like to make a comment on two programs which have come out of the pooling activities. They are economic development and marketing. It is important to take note of the function of these programs and their benefits.

In the Marketing Program we are looking closely at programs which strengthen our residential and agricultural loads. The features of those programs developed will be to hold and increase load. The benefits will be stable costs and increased services to our members.

In the economic development program we became partners in forming the Iowa Area Development Group (IADG). This organization will provide economic development assistance to our RECs and municipals. We feel this is a very positive step — an aggressive movement — to change the economic climate of Iowa. The IADG will assess our rural areas for ways to keep our existing industries and businesses, promote new development within and

encourage new industries and businesses.

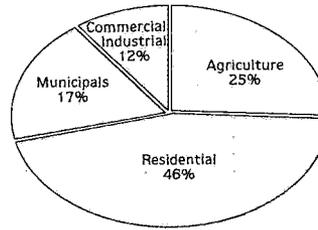
As new sources of businesses are acquired in our rural areas, we will not only see a diversification of industry, but jobs for our people and load growth for our cooperatives.

As is the nature of our business — a cooperative — we have always been sensitive to the needs of our rural consumers. During this period of change and economic hardship, they need us to be a well-organized, healthy business. For us to stay that way, we must implement programs which will allow us to build growth. The very core of our business is in the amount of electricity used by our rural consumers. These people account for 71% of our yearly use (residential 46% and agriculture 25%). The other 12% are industrial accounts and 17% of sales are to municipals.

Our options are to help our rural consumers in their communities with residential, agricultural and economic programs.

We look at the programs now in effect as long term programs which need the support of all people involved in rural electrification. Henry Norwood, Xenergy Vice President and consultant for our marketing program, related, "Without question, the key to successfully implementing the marketing plan lies in active participation, team play by all the key players. By each of the twenty nine distribution cooperatives, by both of the G&T's and by both of the municipal organizations. The REC's certainly have a long tradition of people working together to meet common needs. The term cooperative is certainly very apt in this regard. And nowhere is that tradition of participation, cooperation and team play been more evident than in our marketing planning efforts."

It is also important to note that during 1985 the Rural



CIPCO 1984 Energy Sales

Electrification Administration, REA, celebrated its 50th Anniversary. This program was considered by many to be one of Franklin Roosevelt's greatest accomplishments — to bring electricity to the rural areas.

In the future we will have to closely monitor the position of this agency in Washington. The Administration's budget proposals announced in February call for the sale of REA to private industry and extinction of the REA loan programs. It is in our best interests to keep this program alive.

We are a service organization — owned by our member cooperatives and therefore by its consumers — with the responsibility to provide adequate, dependable electric service at the lowest practical costs. We work as a team and make our decisions based on this ideal. We look forward to the challenges of 1986, and a brighter future for our rural Iowans at the end of the line. We Put You First!

Edwin Bishop
President of the Board
of Directors

Management Report

1985 — A year that leaves us with mixed feelings. The farm economy in Iowa has not improved. Sales of electricity showed a slight gain over the year before because of record breaking cold weather in December. It was a year in which your cooperative took several steps designed to help the member.

The first step was between Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative as we began working together under the Pooling Agreement January 1, 1985. This has resulted in the two groups sharing resources, costs and people. Cost saving measures have been instituted, programs to bring direct benefits to the members were started and standardization in other areas is under way.



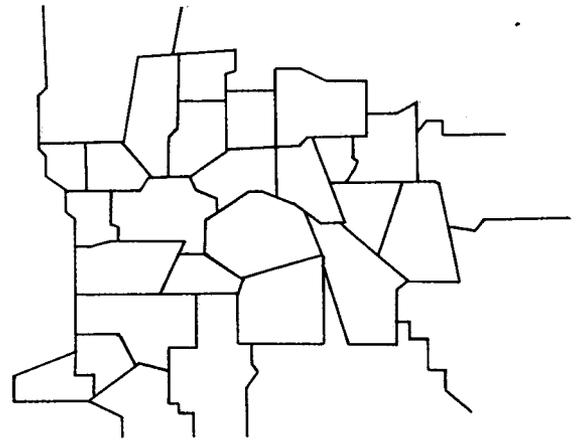
George Toyne, General Manager

Cost saving measures have included moving the operational control of the Wilton area transmission system to the Humboldt Control Center, and processing all magnetic power use tapes in the CIPCO office. Computer workshops have standardized software and equipment and educated our employees.

This annual report will cover our usual areas of operation and for the first time will include reports on Marketing and Economic Development, two new programs started as a result of pooling. Responsible for many marketing development projects, Craig Fricke was named our Manager of Marketing and Member Services.

Jack Bailey, former director of the Iowa Development Commission, was named Director of the Iowa Area Development Group in December. Under his leadership, CIPCO and other partners in the IADG plan to develop and implement programs to help boost Iowa's sagging economy.

The Marketing Program has made great development strides during this year. 1986 will show these residential, agricultural and economic programs being implemented. It is with pleasure that I have watched our distribution cooperatives and G&T staff generate these programs together and now implement them together. I see cooperation and commitment so befitting to those in the cooperative utility industry.



Our distribution cooperatives are marketing — and they have some very good programs to tell their members about. They can surely say that they are putting their members first.

A severe ice storm hit the northern areas of our service area in March. Seventeen cooperatives throughout Iowa requested help in their areas including three CIPCO distribution cooperatives and many in the Corn Belt service area. CIPCO transmission crews from Creston helped cooperatives in the Corn Belt area restore service.

During 1985 we also saw inflation continue to slow down and interest rates drop to more reasonable levels. Oil prices were coming down and other costs beginning to stabilize. We are hopeful that with the marketing programs we have started that we can improve sales and perhaps hold our rates nearly level.

As we continue to hold the line on costs, we are also making decisions for the future. We know that we must look at long term goals in order to keep our business healthy and prepared for an unknown future. Our goals show that we are taking positive steps to continue our commitments to those who own us — to our member-consumers at the end of the line — to those we "put first" at all times.

George W. Toyne

1985 Was Progressive

Mel Nicholas
Director of Administrative
Services and Public Relations

Last year at this time we were looking forward to the newly initiated effort to develop a comprehensive marketing plan for the CIPCO and Corn Belt systems. We realized that a successful program could only be developed with the support and commitment on the part of everyone involved in the process.

We received this support and commitment from the directors and managers of both systems. That commitment, together with a lot of hard work on the part of some one hundred rural electric cooperative employees, resulted in a number of significant accomplishments with respect to our combined development efforts.

The marketing consulting firm of Xenergy, Inc. was contracted to coordinate the program development. In an effort to hold outside costs to a minimum, we elected to accumulate and analyze much of the historical data which was essential to quantify the various market sectors, establish market and sales trends and identify specific problem areas.

In order to provide this analytical data in a timely manner, it was necessary to distribute the workload to several subcommittees related to power supply, rates and four market sectors. A number of other subcommittees were added later to perform specific tasks within the development process.

The benefits of this broad base participation were twofold. First, the interaction among employees from different cooperatives resulted in an excellent exchange of problems, ideas and strategies within each subcommittee. Second, the interaction among

the subcommittees provided a tremendous amount of education within the marketing structure.

The result of the above efforts was a comprehensive Strategic Marketing Plan which identified specific problem areas, established goals and objectives and recommended marketing strategies designed to eliminate or at least alleviate the problem areas.

Declining energy sales and underutilized electric facilities are two major items highlighted in the plan. Significant factors contributing to these problems are energy conservation, a poor economy and a declining rural population.

The Strategic Marketing Plan includes seven objectives and some sixty strategies which could be used to counteract some of the problems. Obviously it would be impossible to implement sixty strategies at once so strategies were given priorities and only the higher priority items implemented at this time.

In order to move our marketing program from the planning to implementation stage, it was necessary to make some changes in our organizational structure. This was accomplished by establishing two functional departments; a marketing and member service department and an economic development organization.

Craig Fricke was appointed Manager of the newly created Marketing and Member Services Department in September of 1985. His involvement in the initial development of the program, a strong engineering background and excellent coordination capabilities provided the continuity to keep the program moving forward. This department will primarily be responsible for the program development, implementation and coordination of the residential and agricultural market sectors.

Jack Bailey, former Director of the Iowa Development



Craig Fricke, Manager of Marketing and Member Services, Henry Norwood, Xenergy consultant, and Melvin Nicholas, Chairman of the Marketing Committee, review notes after a marketing meeting.

Commission, was appointed as Director of the Iowa Area Development Group. The organization was established in December 1985 and is located in Des Moines, Iowa. Participants in this joint venture include members of CIPCO, Corn Belt and Northwest Iowa Power Cooperative. This organization is responsible for programs pertaining to retention and expansion of existing businesses and industry and the attraction of new business and industry to the service areas of all participants.

The Public Information Department has also been extremely involved in the marketing effort during the past year. Through the efforts of this department and other communication employees within the joint system came our "We Put You First" theme, an excellent marketing "Kickoff" conference, and the "Casey Cup" promotion. In addition, marketing advertisements, radio spots and news releases were



The Strategic Marketing Plan was developed by July of '85.

prepared and used. Certainly one of the more important functions is the employee training program which has been developed and is currently being conducted throughout the service area.

The foregoing and other portions of the report should be indicative of the emphasis that we are placing on the Marketing Program. However, we must not lose sight of the fact that it is most important how the member-consumer or potential member-consumer perceives our program. Early indications suggest an excellent acceptance on the part of our members. We must be alert and constantly monitor our efforts. Achievement of 1986 goals depends on all of us. Let's make it happen!

Marketing Is A New Program

Craig Fricke
Manager of Marketing
and Member Services

The CIPCO/Corn Belt Marketing Program, which had its beginnings in late 1984, was one of the major projects carried out jointly between the two G&T's in 1985.

Even though the pooling agreement was not to take effect until 1985, a common need of both cooperatives was identified immediately — declining energy sales which had been occurring since the late 70's. This erosion in base kilowatt hour sales has been accompanied by increased rates to replace revenue required to service fixed costs.

A Marketing Committee, made up of managers from both CIPCO and Corn Belt as well as G&T staff began work on this project in 1984.

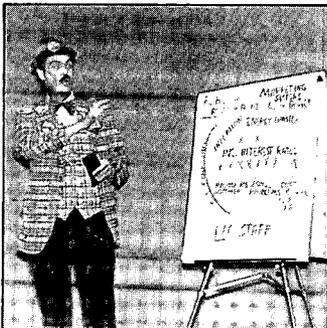
This committee agreed we should undertake the development of a comprehensive marketing program only if we could be

- assured the program would:
- benefit the member consumer
- benefit the cooperative
- have commitment of management
- be geared for the long term

During the first few weeks of work, extensive load and capability data were gathered for both G&T's. Historical statistics were analyzed to identify unused capacity and potential growth in sales. Daily, monthly and yearly peaks were identified.

Although much preliminary research on both systems could be done in-house, it was determined by the Marketing Committee that outside assistance would be helpful in organizing information and planning strategies. Xenergy, Inc. out of Burlington, Massachusetts was contracted as consultant. Henry Norwood, Vice President, served as coordinator and principal contact.

Since the onset, planning for the marketing program encouraged the involvement of a number of REC employees — in particular managers and member service personnel. Over one hundred employees from throughout the twenty



The "We Put You First" coach reviewed plays with participants at the September 12th Marketing 'Kickoff'. The comedian coach and cheerleader highlighted teamwork and major points of the CIPCO/Corn Belt Marketing Plan with skits.



"We Put You First" adorns a variety of promotional items available to distribution cooperatives. Banners, flags and use of the many promotions gave us a unified approach.



General Manager George Toyne holds an REC cup while shaking hands with Casey's General Store President Don Lamberti. Lamberti made a surprise announcement at the September 12th Kickoff that their stores will fill our REC travel mugs for a dime as long as the mugs are around. The mugs are being given as a promotion by distribution cooperatives to their customers.

nine distribution cooperatives have helped develop the marketing plan through discussion and participation in various subcommittees.

Seven marketing objectives were established:

- 1 stabilize power costs and increase energy sales by 3% annually
- 2 encourage off-peak sales
- 3 maintain and improve member credibility and satisfaction
- 4 strengthen marketing capacity of REC personnel
- 5 determine potential for additional and more efficient uses of electricity in agriculture
- 6 increase participation in economic development
- 7 minimize revenue erosion by marketing efforts

Based on these objectives, marketing subcommittees were formed, each with specific responsibilities: Power Supply, Rates, Residential, Agriculture, Commercial and Industrial, Municipal.

Each subcommittee met independently to gather assigned data, discuss information specific to its area of responsibility and make recommendations.

It was recognized throughout the marketing program development process that marketing must be a flexible, on-going process. Elements of marketing — promoting quality service and the wise use of energy — are ongoing concerns for the distribution cooperative and the G&T.

The Marketing Committee will continue to monitor the progress of the program and subcommittees will be called upon, as needed for ideas, information and support.

It is intended that the broad participation which took place generating ideas and proposals for the marketing program will be an integral part in carrying out these proposals. It is also intended that continual communication about marketing efforts, along with the evaluation of the program's results, will take

place in order to make best use of the REC resources and personnel.

A Strategic Marketing Plan was developed by July of '85. After board approval of this plan, we proceeded with implementation plans.

Our marketing program took on the slogan "We Put You First" in honor of our commitment to our member-consumers. A communications committee developed communications aimed internally (those inside our organization) and externally (aimed to outside our organization to our member-consumers, trade allies, organizations, businesses, and others). Internally we are concerned with education and training. Externally we are concerned with image, education and advertising of our programs.

A variety of media have been used this year and will continue to be used throughout 1986 along with development of new promotions. Some of these are: radio spots, ad copy, ad slicks, News & Views information for communicators, flags and advertising promotions. Of particular interest has been the REC cup promotion. It was arranged through Casey's General Stores that they join in a promotion of REC travel cups: we provide our members with REC cups and they will fill them with coffee for one dime as long as our cups are around. Casey's General Stores, Inc. is one of the leading convenience store marketers in the Midwest. Our cooperatives placed orders totalling over 30,000 cups during 1985 for distribution.

Other major milestones for 1985 are summarized below:

- Improved relationships with municipals. REC's and municipal utilities have worked together in the formation of the marketing program and promotional activities
- Economic development department — in December 1985, the Iowa Area



Craig Fricke talks with members about Dual Fuel at a distribution cooperative open house.

Development Group was established and economic development became its own function

- Marketing Coordinator — I was named manager of marketing and member services in the fall of 1985 to coordinate marketing activities in the CIPCO/Corn Belt areas.
- Marketing Implementation Plan. This plan was created as a practical listing of strategies through which to reach overall marketing objectives
- Iowa State Commerce Commission (ISCC) Project Proposal. Sent to the Commerce Commission in September, 1985, this proposal outlined dual fuel and interruptible rates for all Corn Belt and CIPCO RECs. Although this proposal was not accepted by the Commerce Commission, it served as a basis for individual REC dual fuel and interruptible rates.
- Common G&T Rate Structure. A common rate structure for CIPCO and Corn Belt was approved by both boards in 1985. This facilitated the establishment of dual fuel and interruptible rates among the distribution co-ops.
- G&T Commitment to future load management. Essential to a long term marketing program is a commitment by G&T management and directors. This commitment to load management has been communicated by CIPCO and Corn Belt.

— Marketing Implementation Policy. The 'nuts and bolts' of the marketing program — the Marketing Implementation Policy — gives RECs the framework through which to carry out our marketing activities. This policy will be supplemented as the marketing program progresses.

1986 Promises to be a very exciting year. Marketing activities will focus on 1) continued implementation of residential and agricultural strategies, 2) marketing education and training programs for employees and directors and 3) education of our member-consumers on the various programs which can benefit them.

Through team work, a very comprehensive marketing plan has been developed. I am confident that continued broad base participation will insure the success of our marketing program. We cannot afford to take our member-consumers for granted. In 1986, let's work to provide the best service to member-consumers possible. They are 'first' with us!

Iowa Development Group Office Opens

Jack Bailey
Director of Economic
Development

The Strategic Marketing Plan identified economic development as a major component of our overall marketing program. Based upon 1984 sales data for the combined CIPCO/Corn Belt systems, sales to commercial and industrial consumers represented some 12% of total energy sales.

Commercial and industrial consumers are important to our RECs and municipals. These businesses and industries provide much needed diversity in the



CIPCO's representatives to the IADG are pictured above with Jack Bailey and Craig Hamilton. From the left are George Berry, SIMECA; Director John Heineman; Bailey; Hamilton; Mel Nicholas, Director of Administration and Public Relations; Manager Stanley Roberts, Adams County; and George Toyne, General Manager. Toyne and Heineman represent CIPCO on the Economic Development Committee. Nicholas, Roberts, Berry and Assistant General Manager Dennis Murdock (not pictured) serve on the Administrative Committee.

economics of these rural and non-metropolitan communities. The jobs and incomes associated with the expansion of existing businesses or industries or the attraction of new ones have a very positive impact on stabilizing electric rates, population and tax bases and contribute to the overall economic well being of these areas served.

December 2, the Iowa Area Development Group, or IADG, opened its Des Moines office for the purpose of economic development. The organization is financially sponsored by a group of rural and municipal utilities. Initial participants are CIPCO, Corn Belt, Northwest Iowa Power Cooperative (NIPCO), SIMECA, NIMECA, and the NIPCO municipal group WIMECA.

As Director, I will be responsible for the overall direction of department and IADG personnel. My responsibilities will include personal contact with potential business and industrial clients, serve as liaison with development related government agencies and private development groups, serve as liaison on legislative economic development matters, and promote Iowa communities who have agreed to participate in the program.

Craig Hamilton is IADG manager and is responsible for the development and maintenance of plant site inventories, available building inventories, prospect

inventories and other economic development data bases. Participating RECs and municipals can expect assistance from Craig Hamilton with development of their individual programs and he will serve as liaison with local development organizations. Training and education will also be handled by our manager.

Administrative Assistant Marna Lund will handle total support for the director and manager. This shall include coordination of the travel requirements, scheduling of workshops, maintenance of plant site and local development organization inventories, preparation of correspondence, answering telephone and related clerical duties.

The overall goals and objectives of the organization are as follows:

- 1) to retain and increase job opportunities within the areas we serve.
- 2) to promote the more efficient utilization of our existing generation and transmission facilities,
- 3) to stabilize power costs by increasing the sales base over which fixed charges are allocated.
- 4) to increase our involvement in local economic development activities and contribute to improvement in local economies.
- 5) to provide economic development training and education and assist in local



Jack Bailey
 Director, Iowa Area
 Development Group

effectiveness of the program at the grassroots level and advise of potential problems within their area or provide suggestions for program improvement. This committee consists of one staff member from each participating G&T, one distribution manager from each system and one representative from each participating municipal association.

The combined service areas of CIPCO, Corn Belt, and NIPCO and the related municipal members represents a geographic area of about 80% of the state of Iowa. The service area stretches from the Mississippi River on the east and the Missouri River on the west. The service area is dissected by Interstates 35 and 80. Collectively, the combined area includes a large number of non-metro communities with development potential. The IADG will promote our services as "The Business Connection Between the Mighty Rivers".

We look at the IADG and economic development as a long term commitment. The economic health of our state has a direct impact on our utility businesses. It is important that we improve the future of Iowans. By promoting economic development we are showing our support and revealing to our consumers "who cares for your hometown? — we do. Yes, your rural electric cooperative puts you first!"

program development and implementation.

Since this is a jointly financed program, participating groups have representatives on the Economic Development Committee and the Administrative Committee.

The Economic Development Committee will oversee the activities of the organization, determine that programs and policies are consistent with cooperative principals and insure that funds are allocated and expended as prescribed in the annual operating budget. One director from CIPCO, Corn Belt and NIPCO and the general managers are representatives.

The Administrative Committee will work closely with the Director in the establishment of program development and operations and will serve as coordinators in their respective organizations. This committee will continuously evaluate the

Generation Overview

Gary Sharp
 Manager of Production

Today CIPCO has ownership or leasing rights to five electrical generation plants: the Duane Arnold Energy Center, Louisa Generating Station, Council Bluffs #3, Summit Lake and Fair Station. These plants provide CIPCO with a variety of generation — nuclear, coal and oil.

The nuclear fueled Duane Arnold Energy Center (DAEC) was out of service almost six months this year for refueling and the ten year inspections required by the Nuclear Regulatory Commission. After the unit came back on line in mid July, a record was set for length of time of continuous service. The plant did not have an outage the remainder of the year. Because of this record performance, the DAEC was able to supply 23.7% of our kilowatt hours for the year. CIPCO owns 20% of the DAEC, Iowa's only nuclear plant.

The coal fired Council Bluffs #3 unit of which CIPCO has an 11.5% ownership interest did not have a good year. Availability was down to 71.1%, their lowest since coming on line in late 1978. The major problem was boiler tube failures. In the annual fall inspection outage, plant personnel replaced or reinforced weakened areas. On

Capacity Summary

Unit	Fuel	MW	% of Total
DAEC	Nuclear	102	26.1%
Council Bluffs #3	Coal	80	20.4%
Louisa	Coal	30	7.7%
Fair	Coal	66	16.9%
Summit Lake	Oil/Gas	96	24.6%
Total Owned Capacity		374	95.7%
WAPA Purchase	Hydro	17	4.3%
Total Capacity		391	100.0%

The Iowa Area Development Group opened its doors December 2, 1985. The office is located in Des Moines.





Iowa Electric Light & Power gave plant tours of the Duane Arnold Energy Center (DAEC) to approximately sixty CIPCO directors and staff during the refueling outage in March. CIPCO owns 20% of the DAEC, Iowa's only nuclear powered plant.

December 31 they experienced a coal silo explosion which left the plant running at two-thirds capacity. No one was seriously injured. Total repairs are estimated to be approximately four million dollars. Plant operations will be totally operational by mid March although repairs will not be completed until later in 1986.

In spite of these problems CB#3 still generated 26.5% of our kilowatt hour needs for the year.

Fair Station, a coal fired steam generation plant located along the Mississippi, had a good year with very few forced outages. Fair was able to take advantage of its economical fuel supply. During 1985 Fair generated over 260,000 MWh for CIPCO due to increased

ENEREX demand. This is Fair's highest output since it peaked in generation in 1977 and 1978. As far as fuel costs are concerned, ENEREX 1985 statistics show unit 2 is the third cheapest coal-fired plant in the state of Iowa. It has also had an availability factor of over 98% the past five years. Fair Station furnished 17.8% of the required kilowatt hours.

CIPCO's newest plant as of 1984, Louisa Station, came back on line February 5, 1985 after being forced out of service for over six months due to a generator rotor failure in mid 1984. Louisa operated well the balance of the year and supplied 4.8% of our requirements. CIPCO has 4.6 ownership interest. Louisa is a coal fired plant.

Summit Lake, our oil fired

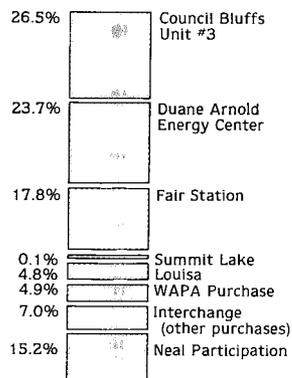
peaking plant in Creston, was infrequently called upon to operate this year. It furnished less than 0.1% of our kilowatt hours.

As in recent years, the kilowatt hours from the Western Area Power Administration (WAPA) were our most economical source of energy. WAPA supplied 4.9% of our energy requirements in 1985.

CIPCO was able to purchase 40 MW of participation power off of Neal #4 from Northwest Iowa Power Cooperative. During the lengthy refueling outage at the DAEC, the participation purchase was used very effectively and supplied 15.2% of our needs.

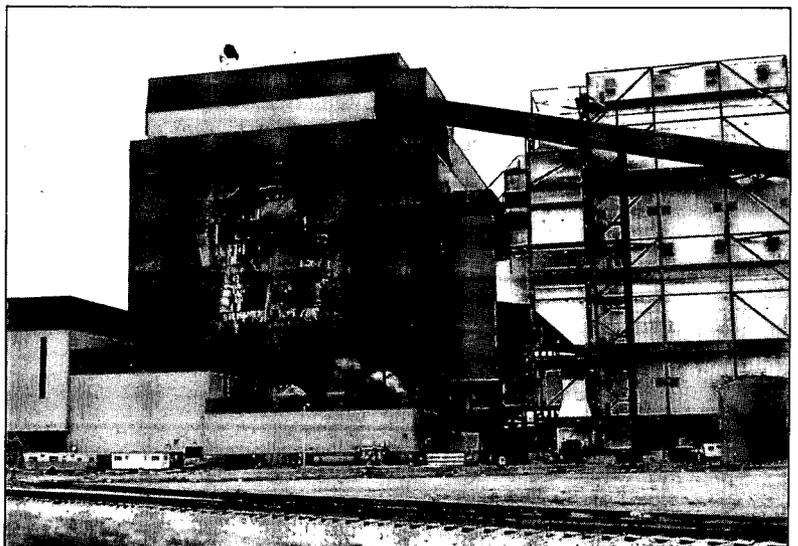
1985 was the first year in a long term lease of Prairie Creek units 1, 2 and 3 to Iowa Electric Light and Power Company. It was in the best interests of CIPCO to accept the terms of the lease because the units were excess capacity, relatively old, and high in maintenance and operating cost.

Seven percent of our kilowatt hours came from interchanges with other utilities in the Mid-Continent Area Power Pool (MAPP). This pool is a network of interconnected power suppliers in the Midwest including CIPCO who share reserves and work together to coordinate planning for



1985 Sources of Kilowatt-Hours

Council Bluffs #3 experienced an explosion December 31st which damaged a coal silo and conveyor system. This shows the plant from the rear of the building. Inside are the coal silos where the explosion took place.



achieving greater reliability and economy.

ENEREX, an Iowa dispatch group consists of five investor owned utilities as well as CIPCO and Corn Belt. ENEREX plans to dispatch power in the most economical manner. Projected plans are to have the necessary equipment installed to effectively accomplish this by mid year 1986.

A positive development this past year is the increased competition between railroad systems for transporting coal. This should tend to keep rail freight rate increases to a minimum, and in fact could lower them in the short term. Since freight rates are such a large percentage of total fuel cost (Council Bluffs 49% and Louisa 65%) any savings in freight rates has a significant impact on power cost.

We will continue to operate the CIPCO generation in the most efficient and economical manner consistent with good performance.

Engineering and Operations

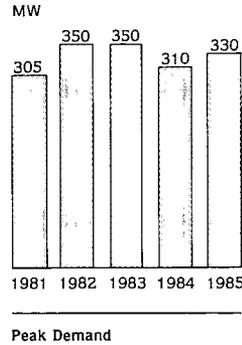
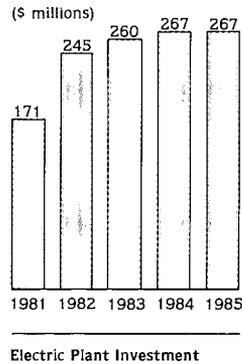
Archie Ryan
Director of Operations

Highlights pertaining to Engineering and Operations were as follows:

Grounding Transformers: New grounding transformers were installed at Wyoming, Coggon and Dundee. One of the removed units was moved to Woodburn, and the other two will be installed in 1986 at Grand Junction and Guthrie Center.

New Oil Circuit Breakers: As a part of an on-going program to replace obsolete equipment, 34.5 kV OCB's at Wyoming and Anita were replaced, and three others were purchased for installation at Grand Junction in 1986.

Boone Junction Transformer



Addition: One of the two 161/115 kV transformers at Grand Junction was removed and reinstalled at Boone Junction. In addition to moving the transformer, additional steel, bus work, switching and control work had to be done at Boone Junction.

Creston Area 34.5 kV Grounding: The 34.5 kV transmission system at Creston was originally designed using a "ground fault neutralizer" which was common 40 years ago but had become virtually obsolete by 1980. The GFN in the Creston area was removed from service in 1985 which required the installation of a grounding transformer, grounding of other substations, relay changes, and different sectionalizing of the 34.5 kV system.

New Transmission Line: The following new transmission line taps were energized in 1985 to provide transmission service to new distribution substations

- 1.0 mile 69 kV - Jesup tap - Buchanan REC
- 4.7 mile 69 kV* - Ollie tap - T.I.P. REC
- 8.0 mile 69 kV* - Berkley tap - Greene REC
- 7.0 mile 69 kV* - Wiota tap - Farmers REC
- 1.0 mile 69 kV - Grand River tap - Clarke REC

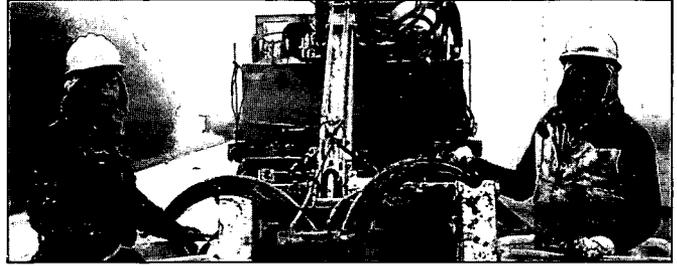
* Operated at 34.5 kV

Miscellaneous Projects: Other projects started and/or completed in 1985 include new

events recorders at several transmission substations, additional relaying at Bertram for the Bertram-Hills 161 kV line, replacement of some obsolete microwave equipment in the Wilton area, construction of a short piece of 69 kV line near Mediapolis by the Wilton crew and other smaller projects.

Operations: Probably the most significant operating change made in 1985 was the relocation of the Wilton dispatch office to Humboldt. The Wilton transmission system is now controlled from Humboldt, and the Wilton crews talk to the dispatchers at Humboldt rather than at Wilton as was done previously. The microwave system is the method of communicating — both for the two-way radio and the SCADA system.

Last, and probably most important, the many routine day-to-day operations performed by our operating people that make sure the power is generated and delivered wherever and whenever needed. Equipment inspection and maintenance, line inspection and maintenance, record keeping, etc., etc. — a multitude of daily jobs that get to be routine but are vitally important. Generation and delivery of electric energy is what our business is all about — if we don't do that well, it makes little difference what else we do.



Creston linemen Joe Feld and Tom Fremi are ready to go up in their buckets to tie in a line.

At left, Creston's Duane Johnson operates a digger truck. Johnson, Feld and Fremi assisted crews in northern Iowa to restore power during the March 3rd storm.

Financial Review

Dennis Murdock
Assistant General Manager

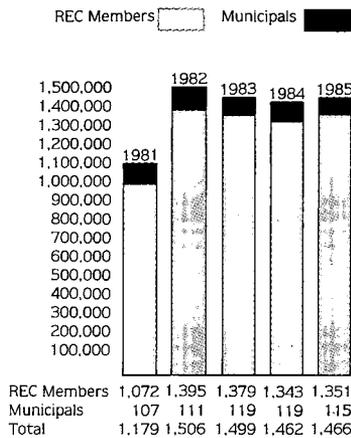
The CIPCO financial position at December 31, 1985 is presented by the following statements audited by the accounting firm of Peat, Marwick, Mitchell & Co. The 1985 revenues totaled over 72 million dollars. These revenues covered operating expenses of 53 million dollars, interest expenses of 14.5 million dollars and provided a net margin of nearly 4.4 million dollars. As indicated in the

notes to the financial statements the CIPCO expenses for 1985 included a provision for future decommissioning of the Duane Arnold Energy Center. Additionally we completed the amortization of prior years fuel expense during 1985 which had been carried on the Balance Sheet as a deferred charge. The CIPCO board of directors has approved an allocation from the 1985 margin to the members of \$1,000,000.

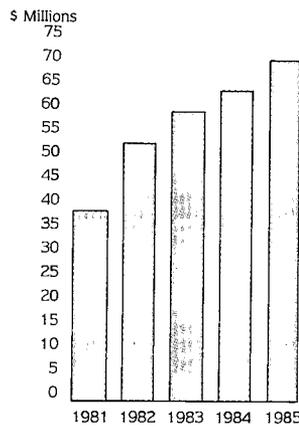
The charts provide a comparison of revenues from 1981 through 1985 and an analysis of the 1985 expense by

major components. Margins were 6% of the total for 1985 while fixed costs account for nearly 37%, fuel expense 34% and operations and maintenance 23%. These relationships compare to those of 1984 of 2%, 39%, 34% and 25% respectively.

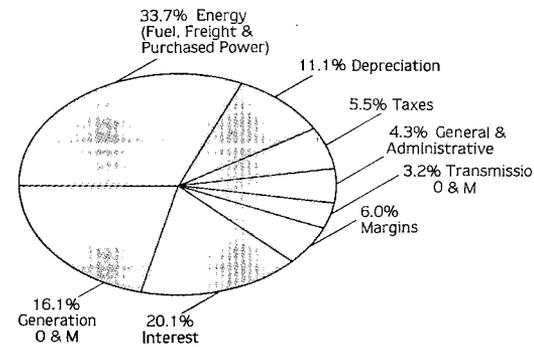
Energy sales increased from 1984 approximately 1%, however we are still below the levels of 1982 and 1983. The average unit cost of energy provided to members was 4.76 cents per kilowatt-hour in 1985 compared to 4.41 cents in 1984.



Energy Sales (MWh)



Operating Revenue



1985 Operating Expense (including interest)

Accountants'
Report



Peat, Marwick, Mitchell & Co.
Certified Public Accountants
1000 Davenport Bank Building
220 Main Street
Davenport, Iowa 52801

The Board of Directors
Central Iowa Power Cooperative:

We have examined the balance sheets of Central Iowa Power Cooperative as of December 31, 1985 and 1984, and the related statements of revenue and expense, members' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Central Iowa Power Cooperative at December 31, 1985 and 1984 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

February 14, 1986

Balance Sheets

December 31, 1985 and 1984

Financial
Statements

	1985	1984
Assets (note 4)		
Electric utility plant, at cost (notes 2 and 7):		
In service	\$260,145,282	250,447,113
Less accumulated depreciation	79,748,319	71,983,595
	180,396,963	178,463,518
Construction work in progress	6,457,405	16,317,507
Nuclear fuel at cost less accumulated amortization of \$17,558,390 in 1985 and \$15,473,787 in 1984	11,028,442	11,421,469
Net electric utility plant	197,882,810	206,202,494
Investments, at cost:		
Investments in associated organizations	9,260,046	9,209,693
Other investments	81,063	81,063
Total investments	9,341,109	9,290,756
Current assets:		
Cash, general	158,423	261,490
Cash, construction	11,183	11,183
Temporary investments	3,500,000	—
Accounts receivable, members	7,227,019	6,353,991
Other receivables, primarily from affiliate	3,279,556	218,356
Fuel, materials and supplies	6,220,854	6,712,658
Prepaid expenses	736,580	722,527
Interest receivable	59,976	42,552
Deferred charges	3,949,234	700,000
Total current assets	25,142,825	15,022,757
Deferred charges (note 9)	12,522,126	6,835,981
	\$244,888,870	237,351,988
Capitalization and Liabilities		
Capitalization:		
Members' equity:		
Membership fees	\$ 1,700	1,700
Patronage capital	3,677,209	3,677,209
Other equities (note 3)	14,392,958	10,023,470
Total members' equity	18,071,867	13,702,379
Long-term debt, excluding current installments (note 4)	213,309,618	202,731,539
Total capitalization	231,381,485	216,433,918
Spent nuclear fuel disposal liability	—	4,735,981
Current liabilities:		
Current installments of long-term debt (note 4)	3,880,349	3,911,269
Accounts payable	4,884,939	4,759,233
Accrued taxes	4,205,821	4,149,277
Other accrued expenses	236,276	383,540
Advances from members	300,000	2,978,770
Total current liabilities	13,507,385	16,182,089
Commitments (note 8)		
	\$244,888,870	237,351,988

See accompanying notes to financial statements.

Statements of Revenue and Expense

Years ended December 31, 1985 and 1984

	1985	1984
Operating revenue:		
Electric energy sales	\$ 69,103,025	63,300,726
Rent of electric property	1,825,235	741,812
Miscellaneous electric revenue	204,679	199,610
Total operating revenue	71,132,939	64,242,148
Operating expenses:		
Purchased power	10,651,421	9,310,487
Operations:		
Production plant - fuel	13,646,143	12,603,509
Production plant - other	7,817,966	8,944,118
Transmission plant	1,305,132	1,108,619
Maintenance:		
Production plant	3,825,699	3,024,497
Transmission plant	974,748	949,848
Administrative and general	3,073,865	2,592,445
Depreciation and amortization	8,008,010	7,698,875
Property and other taxes	3,994,490	4,206,417
Total operating expenses	53,297,474	50,438,815
Net operating margin	17,835,465	13,803,333
Other revenue:		
Patronage capital allocations	230,083	209,337
Interest income	620,620	206,526
Management services and rent - affiliated cooperative	173,497	385,380
Miscellaneous income	10,108	8,695
Total other revenue	1,034,308	809,938
Net margin before interest charges	18,869,773	14,613,271
Interest charges:		
Interest on long-term debt	14,924,420	14,623,513
Allowance for borrowed funds used during construction	(424,135)	(1,126,638)
Net interest charges	14,500,285	13,496,875
Net margin	\$ 4,369,488	1,116,396

Statements of Members' Equity

Years ended December 31, 1985 and 1984

	Membership fees	Patronage capital	Other equities	Total members' equity
Balance at December 31, 1983	\$ 1,600	4,217,913	8,907,074	13,126,587
Payment of deferred patronage dividends	—	(540,704)	—	(540,704)
Net margin	—	—	1,116,396	1,116,396
Membership contribution	100	—	—	100
Balance at December 31, 1984	1,700	3,677,209	10,023,470	13,702,379
Net margin	—	—	4,369,488	4,369,488
Balance at December 31, 1985	\$ 1,700	3,677,209	14,392,958	18,071,867

See accompanying notes to financial statements.

Statements of Changes in Financial Position

Years ended December 31, 1985 and 1984

	1985	1984
Sources of working capital:		
Net margin	\$ 4,369,488	1,116,396
Items that did not use (provide) working capital:		
Depreciation and amortization	8,084,488	7,779,515
Amortization of deferred charges	3,674,659	1,142,316
Amortization of nuclear fuel	2,084,603	2,549,577
Patronage capital allocations not received in cash	(230,083)	(209,337)
Working capital provided by operations	17,983,155	12,378,467
Proceeds from long-term borrowings	28,482,184	6,161,000
Receipt of prior years' patronage capital allocations	649,030	118,991
Membership contribution	—	100
Decrease in working capital	—	2,832,532
	\$47,114,369	21,491,090
Uses of working capital:		
Additions to electric utility plant, net	9,223,497	7,213,340
Investments in associated organizations	469,300	469,825
Addition to deferred charges, less cancelled project costs of \$9,265,271	295,138	—
Payment of nuclear fuel disposal liability	4,735,981	—
Current installments and repayment of long-term debt	17,904,105	7,150,074
Investment in nuclear fuel	1,691,576	6,117,147
Payment of deferred patronage dividends	—	540,704
Increase in working capital	12,794,772	—
	\$47,114,369	21,491,090
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash, general	(103,067)	126,354
Cash, construction	—	(875,102)
Temporary investments	3,500,000	—
Accounts receivable, members	873,028	474,603
Other receivables	3,061,200	42,979
Fuel, materials and supplies	(491,804)	168,692
Prepaid expenses	14,053	(287,901)
Interest receivable	17,424	9,064
Deferred charges	3,249,234	(1,955,392)
	10,120,068	(2,296,703)
Increase (decrease) in current liabilities:		
Current installments of long-term debt	(30,920)	41,116
Accounts payable	125,706	149,475
Accrued taxes	56,544	218,837
Other accrued expenses	(147,264)	160,626
Advances from members	(2,678,770)	(34,225)
	(2,674,704)	535,829
Increase (decrease) in working capital	\$12,794,772	(2,832,532)

See accompanying notes to financial statements.

Notes
to
Financial
Statements

December 31, 1985 and 1984

(1) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accounting records of Central Iowa Power Cooperative (the Cooperative) are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Electrification Administration. Central Iowa Power Cooperative is an electric generation and transmission cooperative providing wholesale electric service to its seventeen members. The Cooperative is not subject to 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. The estimated useful life of the Duane Arnold Energy Center (DAEC) was extended from 28 to 35

years effective January 1, 1985. This change was based upon the results of the decommissioning study discussed below. Extending the useful life reduced depreciation and increased net margin in 1985 by approximately \$875,000, exclusive of the current year's decommissioning provision.

During 1985, a study was performed to estimate the costs to decommission the 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 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 beginning in 1985 and has been included with depreciation.

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 9.6% for 1985 and 11.5% for 1984.

(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) Fuel, Materials and Supplies

Fuel, materials and supplies are stated at moving average cost.

(f) Pension Plans

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

(g) 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.

(2) Electric Utility Plant in Service

The major classes of electric utility plant in service at December 31, 1985 and 1984 and depreciation and amortization for 1985 and 1984 are as follows:

	Cost at December 31,		Depreciation and amortization		Composite rates %
	1985	1984	1985	1984	
Intangible plant	\$ 266,087	265,942	9,622	5,403	4.0
Production plant	199,655,258	191,096,456	5,689,393	6,231,614	3.10-3.85
Transmission plant	56,631,271	55,458,527	1,424,715	1,323,346	2.75
Distribution plant	454,256	454,256	12,914	12,914	2.88
General plant	3,138,410	3,171,932	192,958	206,238	3.00-16.00
Electric utility plant in service	\$260,145,282	250,447,113	7,329,602	7,779,515	
Decommissioning provision			754,886	—	
			\$8,084,488	7,779,515	

notes to Financial Statements continued on next page

(3) Other Equities

Other equities consists of the following:

	December 31,	
	1985	1984
Unallocated margin	\$ 4,369,488	1,116,396
Reserve for contingent losses	7,913,715	6,797,319
Surplus	2,109,755	2,109,755
	\$ 14,392,958	10,023,470

(4) Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	1985	1984
Rural Electrification Administration (REA) — 2% and 5% mortgage notes payable, due in quarterly installments approximating \$1,360,000, including interest, maturing from January 1986 through June 2019	\$ 82,161,662	83,341,913
Federal Financing Bank (FFB) — 7.439% — 15.273% mortgage notes payable, guaranteed by the Rural Electrification Administration (REA), maturing from December 2010 through 2018	94,941,646	77,565,981
National Rural Utilities Cooperative Finance Corporation (CFC) — 7% mortgage notes payable, due in quarterly installments of \$511,043, including interest, maturing from December 2006 through April 2009	13,141,140	13,394,162
National Rural Utilities Cooperative Finance Corporation (CFC) — 10.75% notes payable, due November 27, 1985	—	5,816,541
National Rural Utilities Cooperative Finance Corporation (CFC) — 8.875% notes payable, maturing March 31, 2020	9,044,675	—
National Rural Utilities Cooperative Finance Corporation (CFC) — 10.75% notes payable, due April 29, 1985	—	7,750,000
Central Iowa Power Cooperative members — 7% unsecured notes payable, due in quarterly installments of \$56,192, including interest, until maturity on January 2, 2006	2,409,514	2,475,907
City of Council Bluffs, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) — 4.70% — 6.125%, interest payments due semi-annually, annual installments due June 1, 1986 through December 1, 2007	4,220,000	4,310,000
Louisa County, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) — 6.75% — 10.625%, interest payments due semi-annually, annual installments due December 15, 1986 through December 15, 2003	3,970,000	4,060,000
Eastern Iowa Light and Power Cooperative — 7% note payable, due in equal annual installments through 1986	176,271	352,543
Eastern Iowa Light and Power Cooperative — capital lease obligation, 2% and 5% due 1986 through 2012	7,125,059	7,575,761
Total long-term debt	217,189,967	206,642,808
Less current installments, net of advance payments	3,880,349	3,911,269
Total long-term debt, excluding current installments	\$213,309,618	202,731,539

The aggregate maturities of long-term debt for the five years ending December 31, 1990 are as follows: 1986, \$3,880,349; 1987, \$4,201,741; 1988, \$4,592,563; 1989,

\$4,880,649; and 1990, \$5,101,834.

At December 31, 1985, the Cooperative had unadvanced funds available from long-term

loans approved by FFB of \$30,613,000.

All assets of the Cooperative are pledged to secure the long-term debt to REA, FFB and CFC.

(5) Pension Plans

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 \$184,000 in 1985 and \$173,000 in 1984.

(6) Income Tax Status

The Cooperative is a nonprofit corporation under the laws of Iowa and is exempt from Federal and State income taxes under applicable tax laws.

(7) Jointly-Owned Electric Utility Plant

The Cooperative's share of jointly owned generating facilities at December 31, 1985 is reflected in the following table. 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 statement of revenue and expense.

(8) Commitments

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, 1985, the associated cooperative had outstanding loans of approximately \$5,500,000 (\$4,650,000 long-term, \$850,000 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 effective January 4, 1984. The terms of the agreement require the Cooperative to purchase annually a minimum of 75,000 tons at an estimated 1986 delivery price per ton of \$30. This is approximately 65% of the annual coal requirements of the Cooperative's 55 MW unit at the Fair Generating Station.

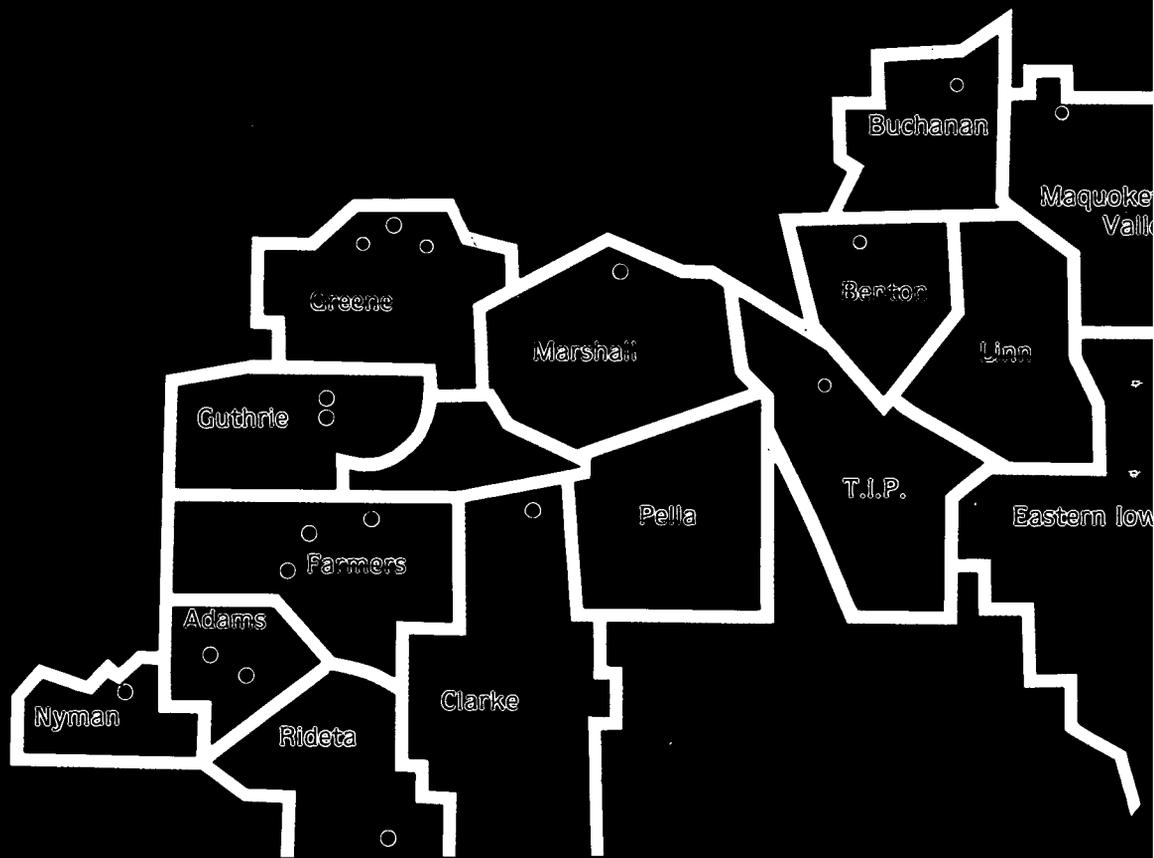
The Cooperative entered into an agreement with Corn Belt Power Cooperative (Corn Belt)

to pool operations effective January 1, 1985 with an option to merge into one cooperative. Under the pool agreement, the Cooperative and Corn Belt will combine their members power supply facilities and related costs in order to provide power to their members at the lowest possible rate. Corn Belt is a generation and transmission cooperative that provides wholesale electric service to its fifteen members.

(9) Subsequent Event

The Cooperative has a 27.3% ownership interest in a project to construct a future generating facility in Guthrie County, Iowa. In January, 1986, the participants in the Guthrie County project decided to cancel the future construction of the generating facility. As of December 31, 1985, the Cooperative had incurred costs of \$9,265,271 relating to this project. These costs have been classified as a deferred charge at December 31, 1985 and will be recovered from members over a period not exceeding ten years beginning in 1986.

Unit	Percentage ownership	Capacity MW	Electric utility plant, net
Duane Arnold Energy Center	20.0%	102	\$62,563,746
Council Bluffs Unit #3	11.5	80	30,765,119
Louisa Generating Station	4.6	30	29,194,514



○ SIMECA Members

CIPCO

Service

Area

Map

Board
of
Directors



Edwin Bishop
President
Maquoketa Valley
Rural Electric
Cooperative



James Wenstrand
Vice President
Nyman Electric
Cooperative



C. Hugh Ruth
Secretary-Treasurer
Farmers Electric
Cooperative, Inc.



John Heineman, Jr.
Assistant Secretary
Treasurer
Greene County Rural
Electric Cooperative



Franklin Walter
Adams County
Cooperative
Electric Co.



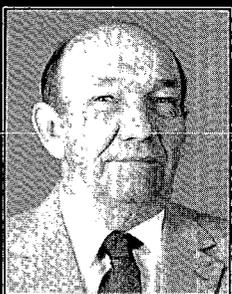
Dean Flickinger
Benton County
Electric Cooperative
Association



Charles Rechkemmer
Buchanan County
Rural Electric
Cooperative



James Van Ryswyk
Clarke Electric
Cooperative, Inc.



Robert Schroeder
Eastern Iowa Light
and Power
Cooperative



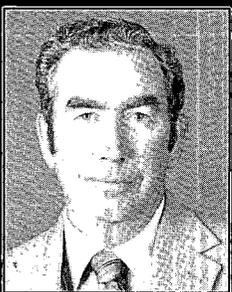
Joe Rohner
Guthrie County Rural
Electric Cooperative



Vernon Rammelsberg
Linn County Rural
Electric Cooperative



Joseph Armbrecht
Marshall County Rural
Electric Cooperative



Carl Horman
Pella Cooperative
Electric Association



Richard Mickelson
Rideta Electric
Cooperative, Inc.



Dale Hawkins
South Iowa Municipal
Electric Cooperative
Association



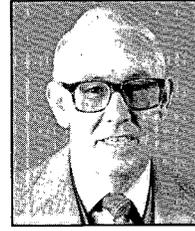
Cecil Cranston
T.I.P. Rural Electric
Cooperative



Stanley Roberts
Adams County
Cooperative Electric
Company



Martin Gardner
Benton County
Electric Cooperation
Association



Glenn Maynard
Buchanan County
Rural Electric
Cooperative



Glen McKay
Clarke Electric
Cooperative



Gordon Meistad
Eastern Iowa
Light & Power
Cooperative

1985
Member
Cooperative
Operating
Statistics



Patrick Murphy
Guthrie County Rural
Electric Cooperative



Jack Hicks
Linn County Rural
Electric Cooperative



John Parham
Maquoketa Valley
Rural Electric
Cooperative

	Adams	Benton	Buchanan	Clarke	Eastern	Farmers	Green
Summary Of Operations							
Operating Revenue	2,077,973	3,801,232	5,257,958	4,429,406	22,050,560	6,062,254	7,163,800
Purchased Power	1,277,341	2,637,935	3,597,372	2,686,016	14,715,291	4,209,197	4,757,111
Operating Expenses	438,760	650,266	828,594	899,817	3,200,560	927,049	1,073,341
Depreciation	137,547	160,481	235,414	267,664	1,004,655	277,445	440,611
Tax Expense	41,283	61,136	75,128	98,081	317,526	89,442	112,921
Interest Expense	182,240	240,446	317,797	327,413	1,177,366	350,990	376,111
Total Cost - Electric Service	2,077,171	3,750,264	5,054,307	4,278,991	20,415,398	5,854,123	6,760,101
Operating Margins	802	50,968	203,652	150,415	1,635,162	208,130	403,691
Non-operating Margins & Capital Credits	62,129	121,222	92,898	108,579	807,622	127,419	172,321
Patronage Capital or Margins	62,930	172,190	296,550	258,994	2,442,784	335,549	576,021
Assets and Other Debits							
Total Utility Plant	5,203,498	6,960,692	9,746,968	11,121,685	39,689,997	10,479,277	15,106,951
Accumulated Depreciation & Amortization	1,295,176	1,797,718	2,166,510	3,295,141	9,416,602	2,817,034	4,069,621
Net Utility Plant	3,908,322	5,162,974	7,580,459	7,826,544	30,273,395	7,662,242	11,037,321
Property & Investments	616,220	753,705	899,432	780,300	10,068,931	1,042,593	1,288,071
Current & Accrued Assets	484,302	880,808	301,344	1,665,702	9,090,013	1,362,723	1,484,851
Deferred Debits	34,129	4,501	20,676	2,241	669,941	14,355	32,651
Total Assets	5,042,972	6,801,988	8,801,911	10,274,787	50,102,280	10,081,914	13,842,911
Liabilities and Other Credits							
Margins & Equities	1,437,614	2,478,626	2,899,792	3,082,799	14,285,330	3,456,921	5,285,891
Long Term Debt	3,366,612	4,185,436	5,188,384	6,698,655	33,071,640	6,015,037	7,904,751
Current & Accrued Liabilities	217,778	124,603	686,542	455,904	2,623,002	601,877	650,161
Deferred Credits	20,968	13,323	27,192	37,429	122,308	2,656	2,101
Total Liabilities	5,042,972	6,801,988	8,801,911	10,274,787	50,102,280	10,081,914	13,842,911
Other Statistics							
Miles of Line	791	935	1,236	1,742	4,355	1,758	1,621
Consumers Served	1,781	3,200	3,448	4,139	18,674	4,624	5,011
Consumers Per Mile	2.3	3.4	2.8	2.4	4.3	2.6	3.1
kWhs sold per consumer	14,221	15,852	21,528	11,764	15,039	19,560	18,691
MWh Sales	25,328	50,916	74,230	48,691	280,838	90,446	93,691
Annual Revenue per Consumer	1,167	1,183	1,525	1,070	1,181	1,311	1,421
Plant Investment per Consumer	2,922	2,167	2,827	2,687	2,125	2,266	3,011

System Managers



Dave Weakland
Farmers Electric
Cooperative

D. Reed Kline
Greene County Rural
Electric Cooperative



Daniel E. Bohlke
Marshall County
Rural Electric
Cooperative

Kenneth Stone
Nyman Electric
Cooperative

Philip Visser
Pella Cooperative
Electric Company

Larry Hopkey
Rideta Electric
Cooperative

Darrel Heetland
T.I.P. Rural Electric
Cooperative

	Guthrie	Linn	Maquoketa	Marshall	Nyman	Pella	Rideta	T.I.P.	Total
	4,274,540	9,322,406	13,748,829	4,585,907	1,691,860	2,355,986	2,279,008	6,078,888	95,180,609
	2,557,375	6,775,054	10,050,906	3,106,311	1,066,263	1,643,911	1,489,270	3,912,307	64,481,660
	735,450	1,557,839	1,928,712	802,248	393,997	447,889	476,662	1,023,540	15,384,731
	214,224	349,950	542,495	248,879	77,220	101,122	146,286	251,111	4,455,106
	67,699	157,538	208,461	75,639	28,416	39,253	48,900	100,058	1,521,482
	284,964	524,054	505,188	220,919	88,394	115,324	123,496	395,438	5,230,141
	3,859,713	9,364,435	13,235,762	4,453,995	1,654,290	2,347,499	2,284,614	5,682,455	91,073,119
	414,827	(42,029)	513,067	131,912	37,570	8,487	(5,606)	396,434	4,107,489
	106,662	224,366	446,615	119,496	57,842	62,935	75,223	169,875	2,755,212
	521,489	182,337	959,682	251,409	95,412	71,422	69,617	566,309	6,862,702
	8,800,607	14,224,845	20,229,831	7,806,383	3,103,984	3,913,538	5,760,253	10,490,013	172,638,523
	2,815,350	3,970,441	6,244,691	2,355,167	1,045,665	1,313,222	2,058,737	2,856,357	47,517,439
	5,985,257	10,254,404	13,985,140	5,451,217	2,058,319	2,600,316	3,701,516	7,633,656	125,121,084
	805,899	1,713,437	2,494,800	817,051	338,012	423,371	468,995	1,224,327	23,735,150
	1,267,255	1,712,393	3,854,227	1,458,147	441,128	664,110	652,211	1,815,210	27,134,431
	12,723	47,966	38,241	27,171	25,629	18,059	76,833	17,662	1,042,784
	8,071,133	13,728,200	20,372,408	7,753,587	2,863,088	3,705,856	4,899,555	10,690,855	177,033,449
	2,464,497	3,943,966	11,083,139	3,053,783	1,076,229	1,549,754	1,664,161	4,077,976	61,840,482
	5,152,371	8,722,562	8,793,694	4,183,536	1,725,435	1,908,989	2,916,890	5,797,384	105,631,381
	451,392	964,698	431,476	509,636	59,371	239,589	253,896	795,903	9,065,831
	2,873	96,974	50,361	6,633	2,053	7,524	44,569	19,592	456,556
	8,071,133	13,728,200	20,372,408	7,753,587	2,863,088	3,705,856	4,899,555	10,690,855	177,033,449
	1,380	1,562	2,952	1,062	592	571	1,241	1,715	23,518
	4,090	9,107	10,747	3,761	1,457	1,856	2,576	5,172	79,645
	3.0	5.8	3.6	3.5	2.5	3.3	2.1	3.0	3.4
	11,644	13,739	18,159	15,565	13,659	16,319	10,557	14,544	15,609
	47,626	125,123	195,154	58,540	19,901	30,288	27,195	75,223	1,243,189
	1,045	1,024	1,279	1,219	1,161	1,269	885	1,175	1,195
	2,152	1,562	1,882	2,076	2,130	2,109	2,236	2,028	2,168

Ten Year Financial Summary

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Summary of Operations										
Operating Revenue	\$ 71,132,939	64,242,148	58,643,815	53,224,842	37,733,578	33,749,010	36,604,784	30,281,103	23,985,380	20,197,191
Operating expenses and interest:										
Purchased power	10,651,421	9,310,487	5,354,110	1,728,760	4,131,037	5,298,884	7,306,095	8,174,164	3,204,665	3,215,598
Operations and maintenance	27,569,688	26,630,591	30,392,265	28,190,534	15,491,146	14,213,687	14,022,867	12,601,322	10,724,148	8,231,949
Administrative and general	3,073,865	2,592,445	2,602,144	2,597,290	1,828,824	1,650,805	1,507,885	1,152,099	977,235	897,146
Depreciation	8,008,010	7,698,875	6,484,118	6,998,930	5,039,075	4,874,488	4,502,641	3,260,306	3,116,420	3,044,617
Taxes	3,994,490	4,206,417	3,815,460	3,589,478	3,035,812	2,924,455	2,586,880	2,047,973	1,973,786	1,775,761
Interest	14,500,285	13,496,875	9,873,776	9,177,792	6,773,875	6,525,146	5,561,903	3,339,456	3,063,104	2,942,908
Total operating expenses and interest	67,797,759	63,935,690	58,521,873	52,282,784	36,299,769	35,487,465	35,488,271	30,575,320	23,059,358	20,107,979
Other revenue	1,034,308	809,938	534,427	783,548	421,782	(1,738,455)	1,116,513	(294,217)	926,022	89,212
Net margin (deficit)	4,369,488	\$ 1,116,396	656,369	1,725,606	1,855,591	(923,256)	3,547,818	162,556	1,065,032	252,447
Assets										
Electric utility plant	295,189,519	293,659,876	280,635,043	265,446,255	190,095,722	178,875,852	164,970,687	155,352,308	142,639,582	130,916,623
Less accumulated depreciation and amortization	97,306,709	87,457,382	77,433,944	68,916,957	51,084,244	44,908,794	39,088,078	33,775,484	29,965,791	26,852,714
Net electric utility plant	197,882,810	206,202,494	203,201,099	196,529,298	139,011,478	133,967,058	125,882,609	121,576,824	112,673,791	104,063,909
Investments	9,341,109	9,290,756	8,730,585	7,713,720	7,207,594	7,294,751	6,835,697	4,503,454	3,992,402	3,778,652
Current assets	25,142,825	15,022,757	17,319,460	17,293,393	8,928,450	9,175,865	8,989,909	8,051,135	5,950,726	4,427,986
Deferred charges	12,522,126	6,835,981	7,978,297	—	804,883	2,691,693	3,149,271	5,451,099	281,120	—
Total assets	\$244,888,870	237,351,988	237,229,441	221,536,411	155,952,405	153,129,367	144,857,486	139,582,512	122,898,039	112,270,547
Capitalization and Liabilities										
Members' equity	18,071,867	13,702,379	13,126,587	12,470,218	11,631,927	10,081,007	11,004,263	7,876,700	8,012,369	6,832,704
Long-term debt	213,309,618	202,731,539	203,720,613	198,030,109	136,224,533	135,780,781	126,069,401	122,854,823	108,857,157	99,679,940
Spent nuclear fuel disposal liability	—	4,735,981	4,735,981	—	—	—	—	—	—	—
Current liabilities	13,507,385	16,182,089	15,646,260	11,036,084	8,069,202	7,238,931	7,753,454	8,812,807	5,979,601	5,698,769
Deferred credits	—	—	—	—	26,743	28,648	30,368	38,182	48,912	59,134
Total capitalization and liabilities	\$244,888,870	\$237,351,988	237,229,441	221,536,411	155,952,405	153,129,367	144,857,486	139,582,512	122,898,039	112,270,547



MEMBER
COOPERATIVES

Adams County Cooperative
Electric Company
Corning

Benton County Electric
Cooperative Association
Vinton

Buchanan County Rural
Electric Cooperative
Independence

Clarke Electric Cooperative, Inc.
Osceola

Farmers Electric Cooperative, Inc.
Greenfield

Greene County Rural
Electric Cooperative
Jefferson

Guthrie County Rural
Electric Cooperative
Guthrie Center

Linn County Rural Electric Cooperative
Marion

Maquoketa Valley Rural
Electric Cooperative
Anamosa

Marshall County Rural
Electric Cooperative
Marshalltown

Nyman Electric Cooperative, Inc.
Stanton

Pella Cooperative Electric Association
Pella

Rideta Electric Cooperative, Inc.
Mount Ayr

South Iowa Municipal Electric
Cooperative Association
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 Iowa Power Cooperative
P.O. Box 2517, Cedar Rapids, Iowa 52406, 319-366-8011