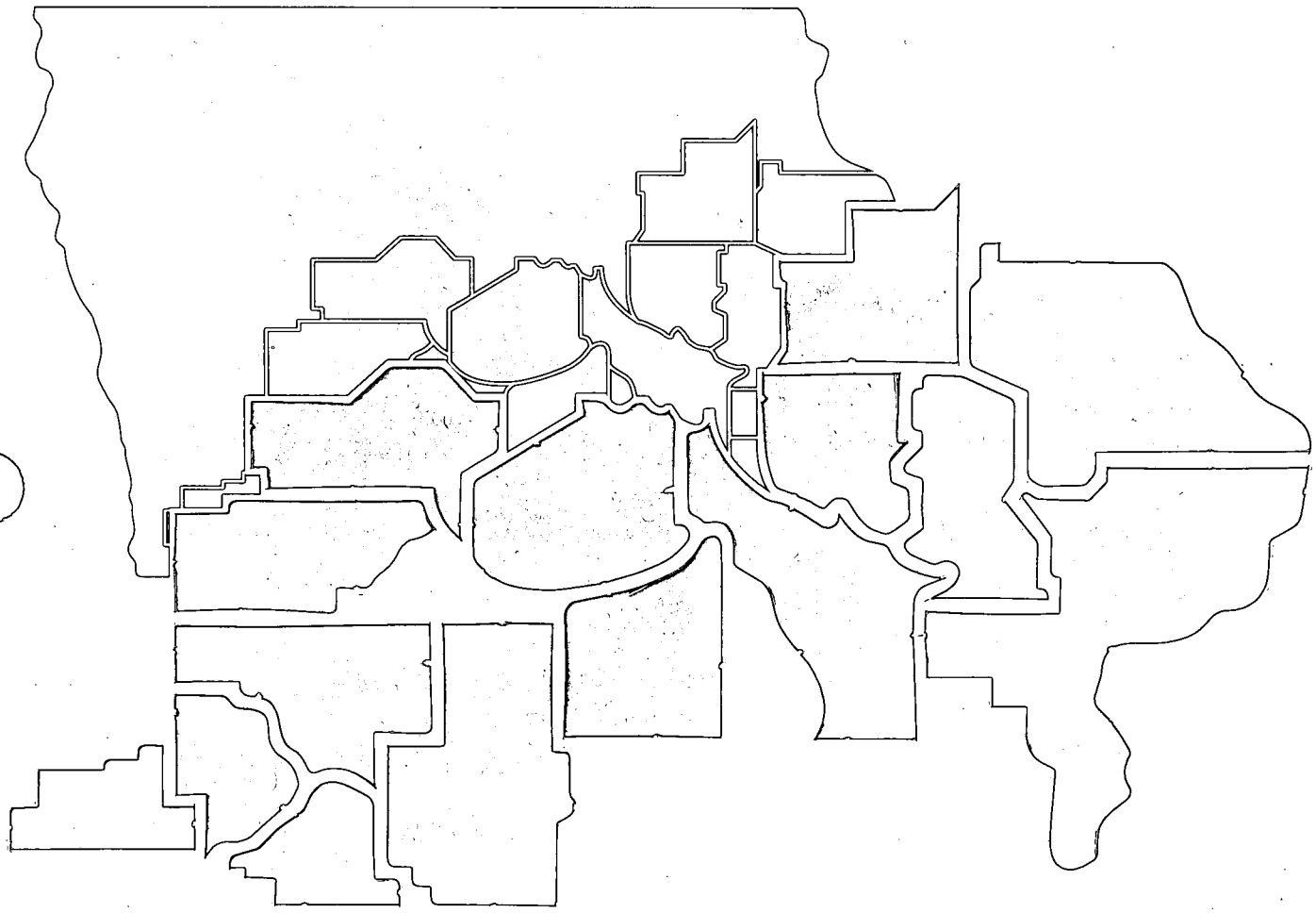
CIPCO & CIPCOSYSTEMS

Success Through Teamwork.

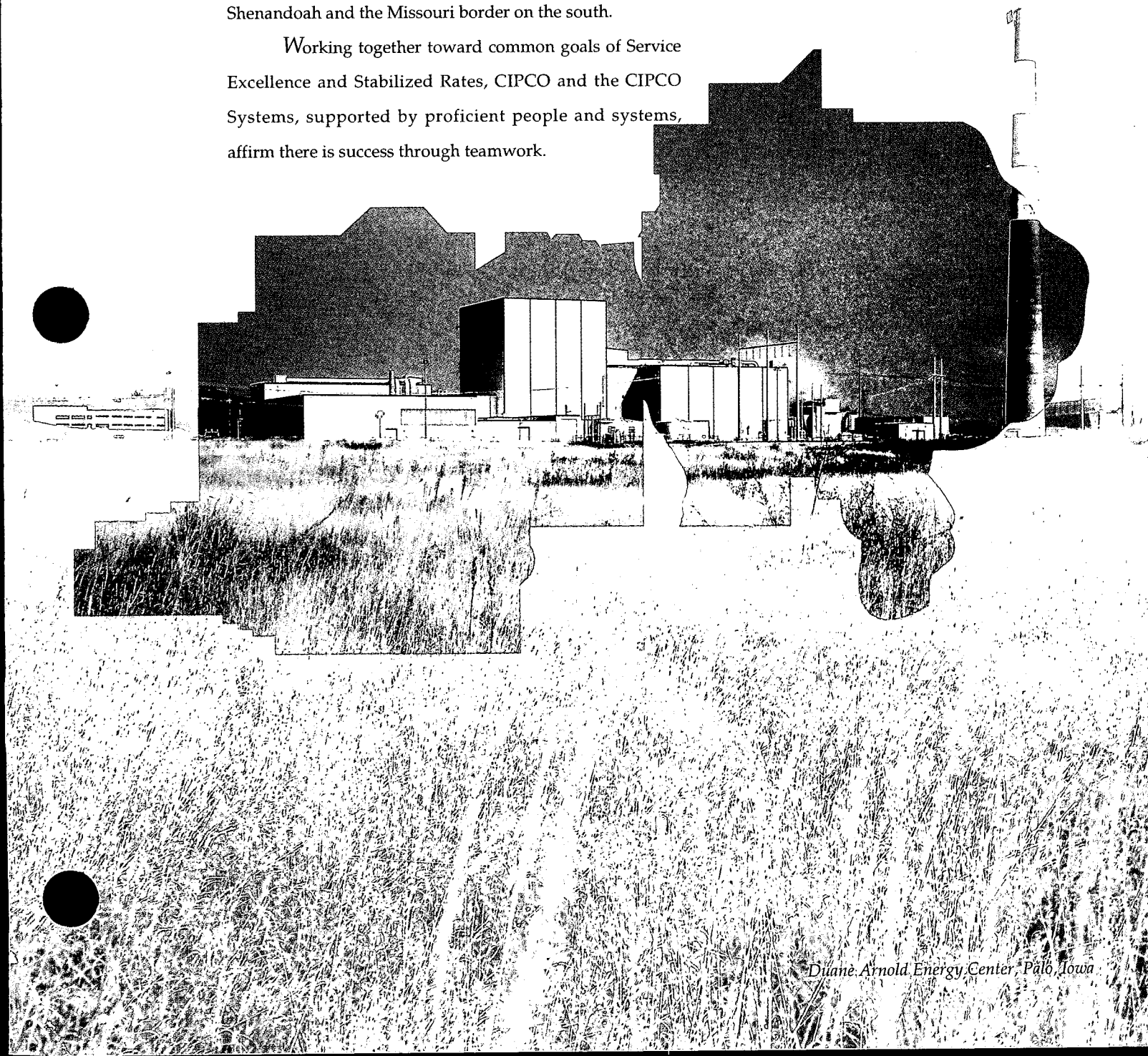


1991 Annual Report

Central Iowa Power Cooperative

FOUNDED in 1946, Central Iowa Power Cooperative (CIPCO) is a generation and transmission cooperative (G&T) serving the wholesale electric needs of 15 rural electric cooperatives and one municipal cooperative in the state of Iowa. CIPCO and its member distribution systems share the responsibilities of providing the electrical needs of 250,000 Iowans. This service territory stretches 300 miles diagonally across Iowa from Dubuque on the east to Shenandoah and the Missouri border on the south.

Working together toward common goals of Service Excellence and Stabilized Rates, CIPCO and the CIPCO Systems, supported by proficient people and systems, affirm there is success through teamwork.



Duane Arnold Energy Center, Palo, Iowa

A WORD FROM THE PRESIDENT AND GENERAL MANAGER

An annual review of the cooperative's operation and accomplishments is always a refreshing experience. Throughout the year our struggle with the daily routines and short term objectives distort our perspective of our most significant achievements.

1991 was just such a year for CIPCO. It was a very successful year, and one which presented many challenges and opportunities. CIPCO's ability to absorb change has always resulted in consistent direction and stable programs. This is what the members have come to expect from the board of directors and management.

If you take into consideration the uncertain economic conditions reported daily; the agenda of environmental issues; the climate at the Rural Electrification Administration (REA) that is creating concern for cooperatives; the mergers of systems; and many other forces that affect CIPCO's operation, we have performed extremely well. And the key to it all is teamwork. Without the cooperation of the board of directors, management, a dedicated staff, and the member systems, our accomplishments would not be as significant.

Strategies and objectives resulting from long-term planning guide us into the future. However, outside forces do have a strong impact on our business. CIPCO has been able to direct its focus and realign priorities to meet the needs of the members. CIPCO will continue to respond to its membership and move ahead while maintaining the stability of the organization.

Among the year's accomplishments was REA approval of CIPCO's $55 million construction loan. This represents the first long term financing approved since 1985. However, this loan carries a condition never before required. G&Ts must develop a member guarantee agreement for a portion of REA loans. At this time we are negotiating for an agreement that satisfies both REA, CIPCO, and the member systems, and we continue to use general funds for interim financing.

The teamwork among CIPCO and other utilities has always had an impact on the success of the cooperative. Interconnections with investor-owned utilities (IOUs) play a vital role in CIPCO's ability to provide reliable, economical service for the members. During 1991 major interconnection agreements were signed with Iowa Electric Light & Power Company (IE), Cedar Rapids, and Iowa Power, Des Moines.

The contract between CIPCO and IE updated the Operating and Transmission Agreement which has been a cornerstone of CIPCO's relationship with IE since 1946. The CIPCO/Iowa Power contract facilitated a consolidation of four separate agreements into one document, preserving existing rights and obligations of each company.

CIPCO accelerated its use of board committees in 1991. The committee structure has now become an integral part of the planning procedure. The cooperative will benefit from the direct opportunity to blend the philosophies of the board of directors and the expertise of the staff members in the development of plans and programs.

Marketing and economic development are making a difference for CIPCO and the CIPCO Systems. Marketing goals established in 1985 are becoming a reality. Over the past six years the CIPCO Systems have sold an additional 220 million kWhs that can be directly linked to marketing efforts.

The Iowa Area Development Group brought 17 new projects to the CIPCO Systems during 1991. CIPCO, Corn Belt Power Cooperative and the state of Iowa teamed up in 1991 to form the Iowa Capital Corporation. This $8 million fund is designed to spur additional growth in the system by providing investment capital to firms locating and expanding within the REC territory.

It has been a good year. CIPCO is financially sound. CIPCO has long range plans to maintain service excellence, stabilized rates, and a strong financial position. With a team of dedicated board members, responsible, qualified employees and the cooperation of the CIPCO Systems, we look together to the future with confidence, knowing that there is success through teamwork.

James Wenstrand
President

Dennis Murdock
Executive Vice President
and General Manager

> *"Cooperation is the key to the commitment to provide reliable, competitively-priced electricity to the membership."*

Teamwork is the foundation of the sound business environment on which CIPCO and its member systems build success. The G&T and its member systems are moving into the future with unity and commitment. The partnerships created for power generation, transmission, and distribution become even more important in a changing economic environment. CIPCO and its members have found that cooperation is the key to the commitment to provide reliable, competitively-priced electricity to the membership.

Over the years the accomplishments of the CIPCO Systems have been marked by the ability of CIPCO to work with them and to cooperatively determine how their needs could best be met. In addition to generating and transmitting power and energy for the member systems, CIPCO supports its members in environmental issues, marketing, communication, safety, economic development, employee training, planning and more. CIPCO shares in the pride of each member distribution cooperative and in their accomplishments and is pleased to introduce the CIPCO Systems.

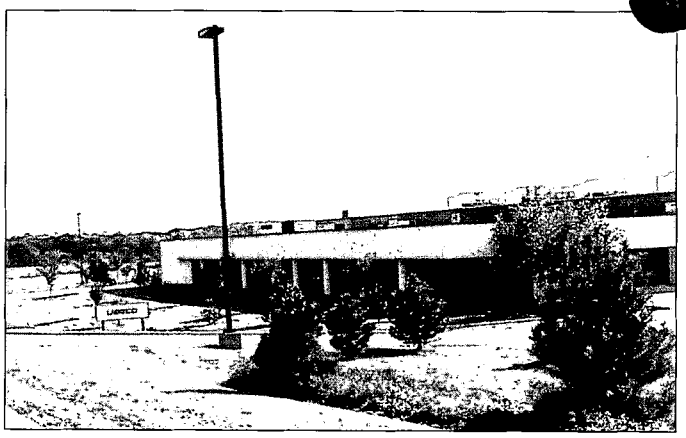
CIPCO Board of Directors

Front row from the left: Dennis Murdock, Executive Vice President and General Manager; James Wenstrand, President; John Heineman, Vice President; Richard Mickelson, Secretary-Treasurer; Dale Newman, Assistant Secretary-Treasurer; and Directors Phyllis Hoge, Duane Armstead, and Carl Gilman. Back row from the left: Directors Wayne Wilcox, Franklin Walter, Melvin Neil, James Paper, Joe Rohner, Eldo Meyer, Norman Van Zante, Lawrence Quinn and Jim Van Ryswyk.

ADAMS

Adams County Cooperative Electric Co., Corning, adopted its by-laws May 23, 1936, and the first construction loan was approved by REA later that year. Adams County was one of the incorporating members of Southwestern Federated Power Cooperative (SWF), their power supplier until 1968 when SWF merged with CIPCO. The cooperative serves 1,254 members with 796 miles of distribution line. Eleven employees perform the day-to-day business of the cooperative. Adams County has annual sales of over 23,000 MWh serving the counties of Adams, Adair, Cass, Montgomery, Taylor & Union.

Top: Franklin Walter, Director; Bottom: Kenneth Stone, Manager



UARCO is one industry in the Blue Grass Industrial Park near Corning that is served by Adams County Cooperative Electric. This industry produces continuous business forms and employs 152. The annual load on the Adams County system of UARCO is approximately 3.4 million kWhs.

BENTON

In the fall of 1936, representatives of farm families in Benton County met to discuss bringing electricity to the rural area. Following these discussions, nine men incorporated the **Benton County Electric Cooperative Association, Vinton,** in March 1937. They were one of the cooperatives that later formed CIPCO. From this initial beginning by a group of forward-looking people, Benton County ECA with a staff of 17 employees now serves 3,380 consumers with 941 miles of electric lines in Linn, Tama, Buchanan, Black Hawk, Benton and Iowa counties.

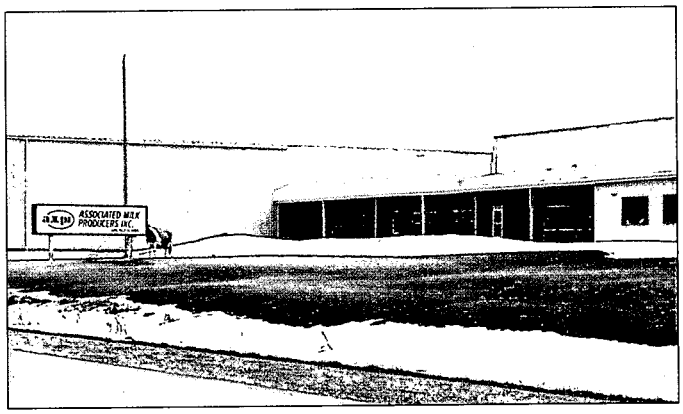
Top: Eldo Meyer, Director; Bottom: Martin Gardner, Manager

Rosebar Tire Shredding in Vinton is owned by Eleanor Kaiser (left) and Barb Merchant. They have eight full time employees and use over 170,000 kWhs annually.

BUCHANAN

Buchanan County Rural Electric Cooperative, Independence, was incorporated August 16, 1938, with 800 members. The first REA loan financed one substation and 271 miles of line. Buchanan County REC was one of the original members of CIPCO. In May 1950 construction began on the present headquarters building with an addition in 1970. The REC presently has 19 employees, 1,229 miles of distribution line and 2,944 members. Their service territory includes Buchanan, Fayette, Black Hawk, Bremer, Delaware, Clayton, Linn and Benton counties. Annual sales are over 82,400 MWhs.

Top: Melvin Neil, Director; Bottom: Martin Gardner, Manager

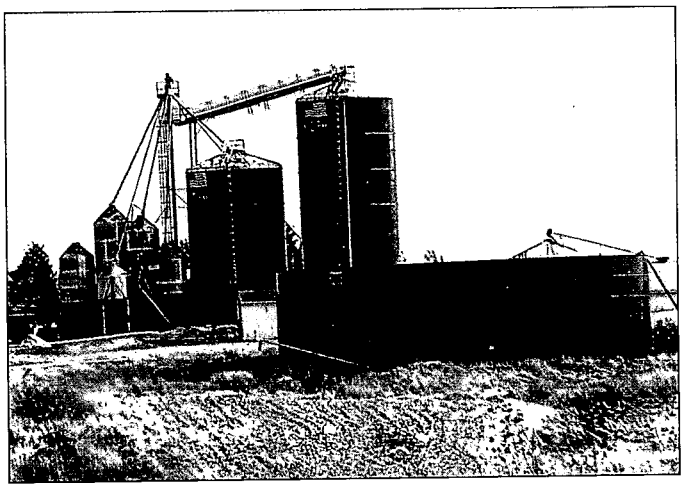


The Arlington Division of Associated Milk Producers employs 90 and handles over 1,600,000 pounds of milk daily. This milk is processed into 50,000 pounds of butter and 75,000 pounds of non-fat dry milk while shipping an average of 150,000 pounds of Grade A milk each day.

CLARKE

On November 27, 1939, Farmers Electric Cooperative, renamed **Clarke Electric Cooperative, Inc., Osceola,** in 1940, was chartered. REA approved a loan in 1940 for construction of 115 miles of line to serve 180 members in parts of Warren, Clarke and Decatur Counties. Clarke Electric was one of the original incorporating members of Southwestern Federated Power Cooperative. The Cooperative has 23 employees and serves 4,172 members across 1,739 miles of distribution line. Clarke's annual sales are approximately 54,000 MWhs.

Top: Jim Van Ryswyk, Director; Bottom: Tom Killebrew, Manager



The hog confinement operation of David Fluth near Humeston uses over 280,000 kWhs per year. The Fluth's believe that this part of Iowa is ideal for their facility and hope to expand in the future.

EASTERN

Eastern Iowa Light and Power Cooperative, Wilton, was incorporated July 22, 1936. An REA loan to build distribution and transmission lines was approved later that year. The original office was located in Davenport but was moved to Wilton Junction in 1947. In addition to this office Eastern Iowa now has three area offices at DeWitt, Lone Tree and Wapello. The cooperative currently has 4,377 miles of distribution line and serves all or part of the rural areas in 12 eastern Iowa counties. Eastern's 90 full time and 5 part time employees serve a membership of 19,190, with annual sales totaling over 307,000 MWhs.

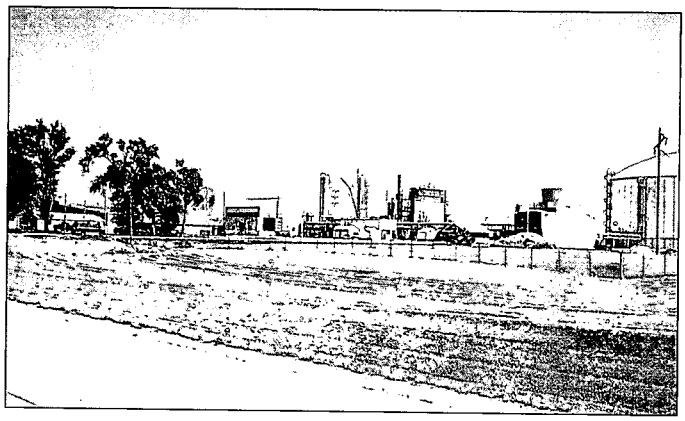
Top: Lawrence Quinn, Director; Bottom: Melvin Nicholas, Manager

Durant's Pioneer Hi-Bred seed corn plant is located near Interstate 80 with 33 full-time employees. During the 1991 seed corn harvest, the plant processed 750,000 bushels of seed corn with 125 employees. 3,641 local residents detasseled last season. In addition to the seed corn operation, Pioneer maintains two microbial genetics facilities in Durant.

FARMERS

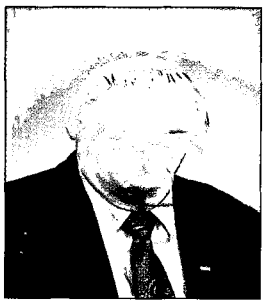
Adair County REC was incorporated November 28, 1938, and later renamed **Farmers Electric Cooperative, Inc., Greenfield.** When the density of population assured a sufficient revenue base, the board authorized an REA loan to build 185 miles of line, energized in early 1940. The cooperative served 288 members that first year. Farmers Electric was one of the members of Southwestern Federated Power Cooperative. They have 28 employees, 1,757 miles of line and 4,651 meters. Annual sales are nearly 94,800 MWhs.

Top: Carl Gilman, Director; Bottom: Dave Weakland, Manager



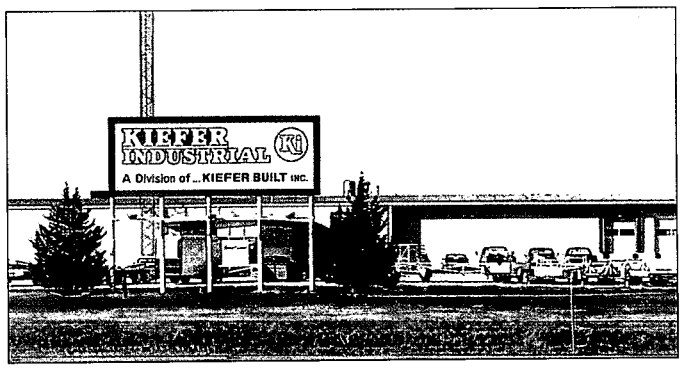
Green Valley Chemical, Creston, produces 45,000 tons of anhydrous ammonia, 17,000 tons of dry ice and 17,000 tons of CO_2 annually. This plant employs 30 people and uses 3,000,000 kWhs a month.

GREENE



In January 1936 the County Farm Bureau adopted a resolution in Greene County supporting the REA. They appointed a committee to study the possibilities of an REA loan to provide electricity for the rural residents of the county. On February 12, 1937, **Greene County REC, Jefferson,** was incorporated. The first lines were energized in April of 1938. The cooperative was one of the original members of CIPCO. Greene County REC currently serves 5,662 members over 1,627 miles of electric line in eight counties of Iowa. Total annual MWh sales are approximately 90,200. The cooperative employees 28 people.

Top: John Heineman, Director; Bottom: Roger Wieck, Manager



Kiefer Industrial, a division of Kiefer Built., Inc., near Ames employs 30 people with plans for adding up to 50 positions in the future. This facility manufactures trailers for utility companies, contractors, municipals, and ag related businesses. The average monthly sales to Kiefer are 23,700 kWhs.

GUTHRIE

Guthrie County Rural Electric Cooperative Association, Guthrie Center, was incorporated in 1937. The first REA loan of $195,000 built 177 miles of line in Guthrie, Audubon and Dallas Counties and served 244 members. A few months later 264 more miles were energized and the membership totaled 500. Today Guthrie County REC's staff of 23 serves 4,400 members in six counties with 1,382 miles of line. The cooperative was one of the eight RECs who formed CIPCO in 1946. Current annual sales are approximately 53,242 MWh.

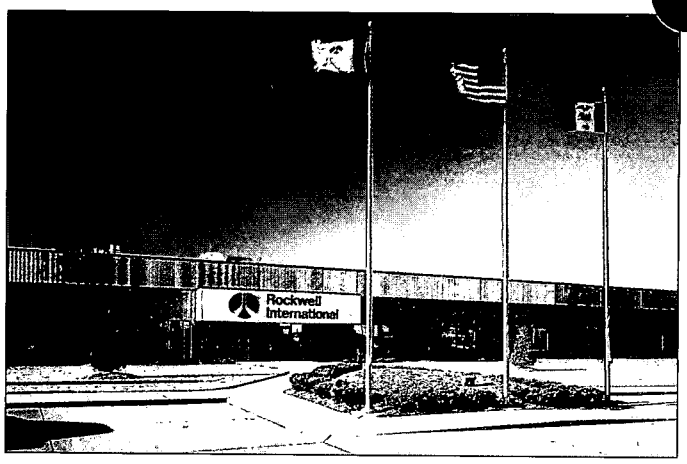
Top: Joe Rohner, Director; Bottom: Frank Mains, Manager

The Lake Panorama area near Panora is served by Guthrie County REC. This includes the Clover Ridge Convention Center and Lake Panorama National Golf Course. This thriving lake community has also been adding 30-40 new homes annually.

LINN

Linn County REC's (Marion) road to success was rocky. In 1936 their application to REA was rejected, and no funds were available when the next application was accepted in 1937. Early in 1938 word was received that money was available, and the cooperative was incorporated June 24, 1938. Linn County REC, one of the original members of CIPCO, serves 10,800 members with 1,630 miles of line. Their service territory covers Linn County and parts of Johnson, Jones, Cedar, Benton and Iowa Counties. Ninety-four percent of the membership is residential and accounts for 76% of the electricity purchased from CIPCO.

Top: Phyllis Hoge, Director; Bottom: Kim Colberg, Manager



Linn County REC serves several large commercial accounts. One of these is Rockwell-Collins Government Avionics Division plant in Coralville. This operation employs 700 people who assemble and test Global Positioning Systems. The plant was built in 1986 and expanded in 1989.

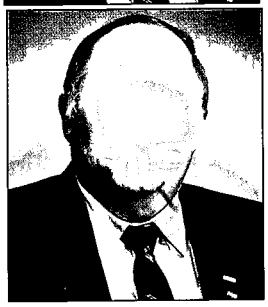
MAQUOKETA

Maquoketa Valley REC, Anamosa, was organized as Jones County REC in Anamosa December 27, 1935. In 1937 they merged with Jackson County and chose the present name. Dubuque and Delaware Counties joined later. In 1938 the first 12 members were connected. The cooperative was one of the incorporators of CIPCO. Maquoketa Valley REC presently serves over 11,000 members and operates over 3,000 miles of distribution line. Fifty-two employees carry on the daily operations of the cooperative which has annual sales of 203,800 MWhs.

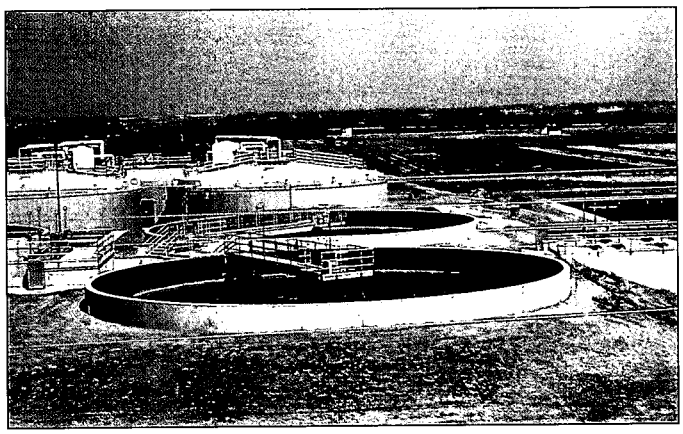
Top: Dale Newman, Director; Bottom: Dorothy Postel, Manager

Payless Foods is located in the Dyersville Mall which is served by Maquoketa Valley REC. The business occupies 23,500 square feet of space and recently added 1,050 square feet. They employ 50 people and use approximately one million kilowatt-hours annually.

MARSHALL



In the spring of 1936 a group of forward-thinking farmers gathered in Marshalltown to talk about rural electrification. Interest was apparent, but sign-up was slow. On July 28, 1938, the first meeing of **Marshall County Rural Electric Cooperative, Marshalltown,** was held. The first REA loan built 107 miles of line to serve 200 members. Currently Marshall County REC serves 3,900 members with 1,060 miles of line. They were one of the original members of CIPCO. The cooperative employs 20 people and has annual sales of over 63,105 MWhs.

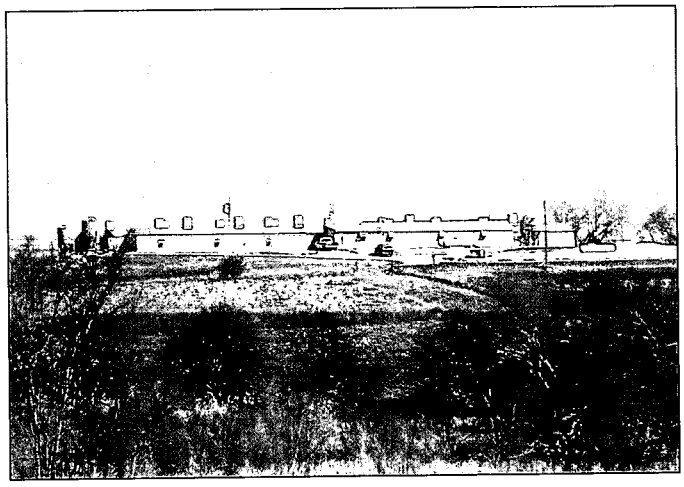


The Ames Water Pollution Control Plant is served by Marshall County REC. The facility came on line in 1989 and has an annual load on the system of over 4 million KWhs.

Top: James Paper, Director; Bottom: Dan Bohlke, Manager

NYMAN

1940 was the year farmers near Stanton, Iowa, decided to make the move toward a better life by bringing electricity to their corner of southwestern Iowa. **Nyman Electric Cooperative, Stanton,** was an original member of Southwestern Federated Power Cooperative, the power supplier for five rural electric cooperatives, until 1968 when they became one of the CIPCO Systems. Today Nyman's 11 employees serve 1,445 members with 589 miles of line. Annual sales are approximately 18,865 MWhs.



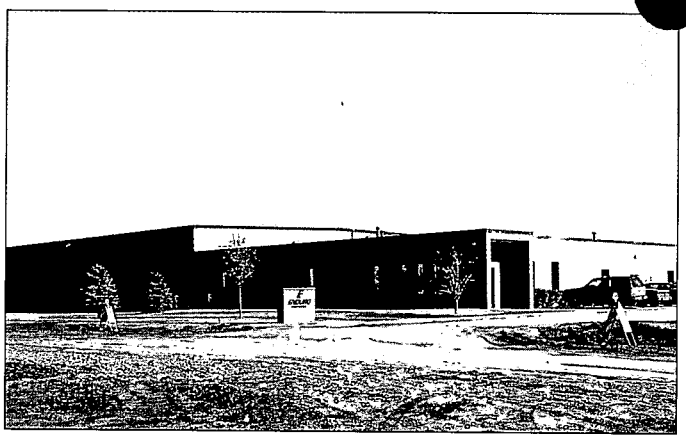
The Wheeler pork operation near Stanton houses 440 sows. Two and one-half employees operate this facility which has an average monthly load of 22,000 kWhs.

Top: James Wenstrand, Director; Bottom: Kenneth Stone, Manager

PELLA

Pella Cooperative Electric Association, Pella, was incorporated in 1936. With the help of technical assistance from Iowa State College in Ames, a group of dedicated men filed a loan application with REA. Line construction began in the summer of 1937, and by October of that year, they turned on their first electric power. An arrangement was made with Pella Municipal to supply the power until 1972 when the cooperative became a member of CIPCO. Presently, Pella Cooperative's 10 employees serve over 1,970 members with 580 miles of line. The cooperative's annual sales are over 35,000 MWhs.

Top: Norman Van Zante, Director; Bottom: John Smith, Manager

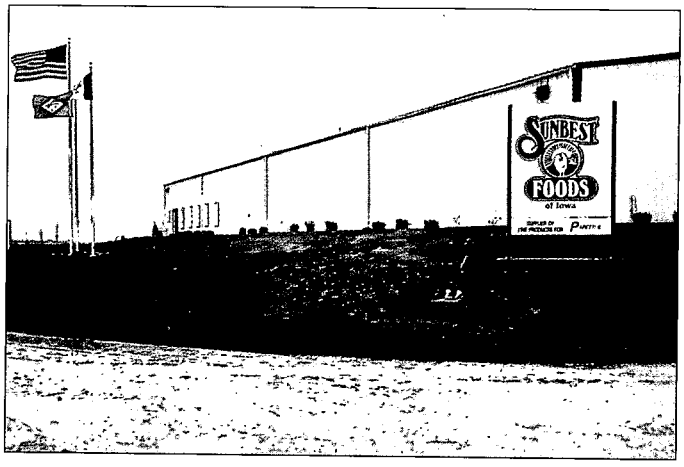


Enduro, Inc., located on Pella Cooperative's distribution lines, is a manufacturing company that does the embossing on advertising products. Annual sales are over 400,000 kWhs.

RIDETA

Rideta Electric Cooperative, Inc., Mount Ayr, was incorporated September 21, 1940. At that time the Cooperative served Ringgold County and parts of Decatur and Taylor. Thus Rideta's name was created from the first two letters of each county. Later, a portion of Union County was added to the list. Currently Rideta serves 2,660 members with 1,260 miles of line. Rideta was one of the original members of Southwestern Federated Power Cooperative in Creston. Rideta Electric has annual sales of approximately 27,780 MWhs and a staff of 16.

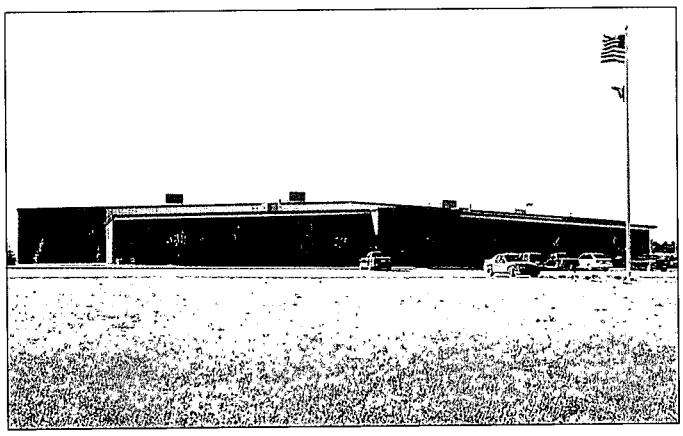
Top: Richard Mickelson, Director; Bottom: Michael Greene, Manager



SunBest Foods of Iowa operates an egg laying operation west of Clearfield. All of the eggs produced at SunBest will be used by the Papetti's Food Products plant in Lenox. When in full operation early in 1992, SunBest Foods expects to produce 800,000 eggs per day, using 3 to 5 million kilow hours a year. The Clearfield operation is SunBest's largest facility and will employ 25 to 30 full-time people.

SIMECA

South Iowa Municipal Electric Cooperative Association (SIMECA) was formed in 1967 as a consortium of six municipal electric utilities. SIMECA became a member of CIPCO in 1969. In 1986 SIMECA entered into an all-requirements contract with CIPCO on behalf of 12 members. These members have committed all generation capacity to CIPCO and have been accredited by MAPP. SIMECA has full membership privileges in CIPCO with representation on CIPCO's Board of Directors. SIMECA currently has 21 municipal systems in its membership.

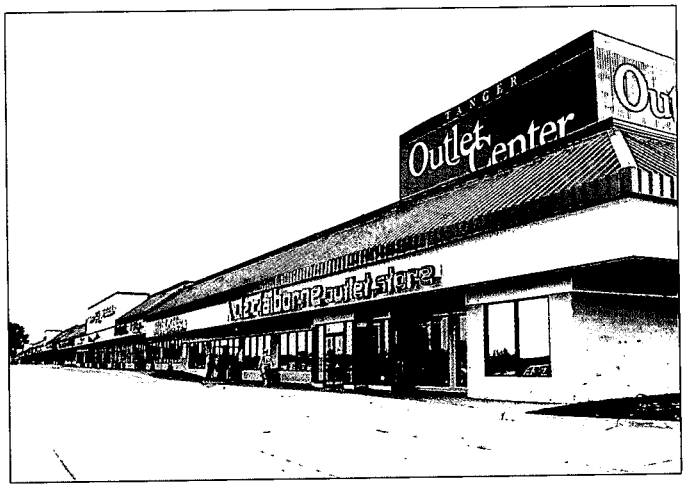


EAC Technologies is served by Winterset Municipal and is just one of many small businesses on the SIMECA system. The company plans to expand the work force from 300 to 500 in the future. EAC supplies electronic components to appliance manufacturers such as Amana Refrigeration and the Maytag Company.

Top: Duane Armstead, SIMECA President, CIPCO Director; Bottom: Dave Ferris, SIMECA Vice President

T.I.P.

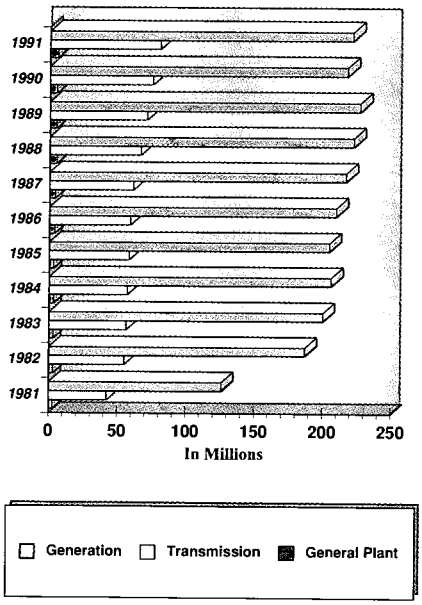
On June 1, 1938, **T.I.P. Rural Electric Cooperative, Brooklyn,** was formed. T.I.P. took its name from the three counties it serves, Tama, Iowa and Poweshiek. By the spring of 1939, enough right-of-way had been acquired to construct their first substation and 132 miles of distribution line. T.I.P. was one of the original members of CIPCO. Today T.I.P. serves 5,337 members with 1,720 miles of line. The cooperative has a staff of 25 employees. Annual megawatt-hour sales are over 81,500.



The Tanger Factory Outlet Mall served by T.I.P. REC at the Williamsburg Exit of I-80 continues to grow. Phase III is currently being added and includes 13 more stores. This will increase the shopping space by 50,000 square feet. There are currently 34 factory outlet retail stores at this location.

Top: Wayne Wilcox, Director; Bottom: Darrel Heetland, Manager

PLANT INVESTMENT



All agree that rural membership is changing. Forecasts promise there will fewer large farms and more small, part-time farms whose primary source of income non-farm related. Economic development by cooperatives in rural areas is bringing additional members with higher demands on the system. The larger farms will provide a significant share of the load, but the part-time farmers will account for a large share of the membership base. These members will have different expectations in terms of service. They will demand more sophisticated service and levels of service that are unknown today.

To survive, cooperatives will have to determine the needs of the membership and address them appropriately. CIPCO and the CIPCO Systems recognize the signs and intend to keep the team headed in the right direction. This is evidenced by another successful year of operation for CIPCO and the CIPCO Systems, with long range plans that will assure continued success.

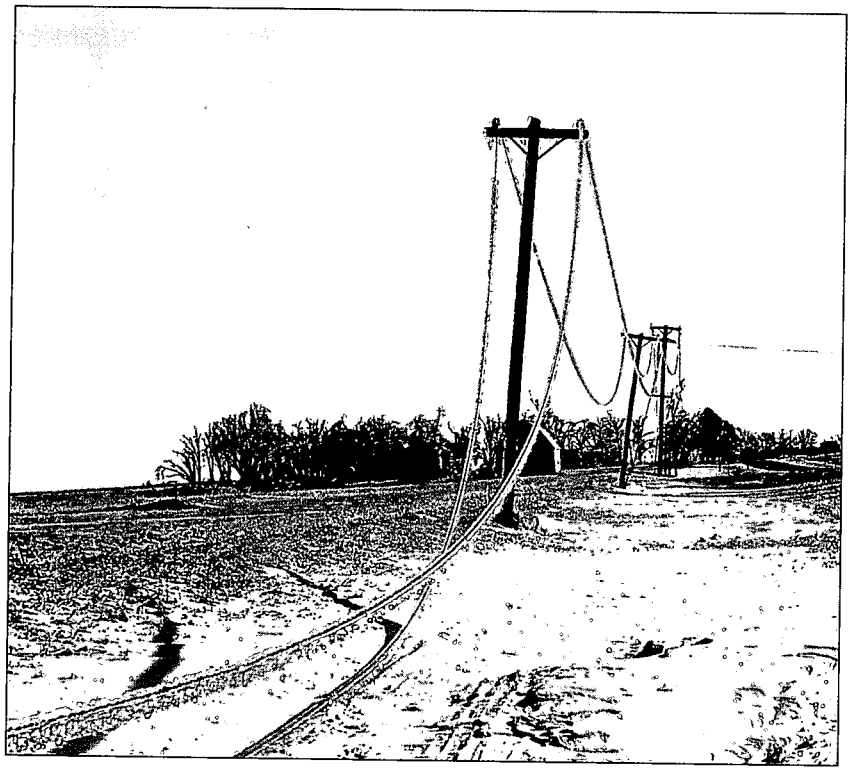
During 1991 CIPCO completed several construction and maintenance projects with the goal of improving the level of reliability and service. 8.50 miles of transmission line were replaced in the New-To-Replace-Old program. 16.85 additional miles had to be delayed because CIPCO released contract crews to assist in storm restoration work following the October ice storm.

One major accomplishment in 1991 was the completion of a construction project in the Cedar Rapids to Iowa City area. CIPCO, working with Iowa Electric and two member cooperatives, completed the conversion of approximately 60 miles of 34.5 kV line to 69 kV. Working jointly with CIPCO and Iowa Electric, Linn County R converted eight distribution substations, and T.I.P. REC converted one distribut substation.

Another major capital project was rebuilding the Boone to Grand Junction transmission line. Built in 1949, 20.3 miles of H-frame 115 kV line were converted to 161 kV concrete single pole construction. The Iowa Junction substation and exit lines project in the Wilton Operating Area was also finished during the year.

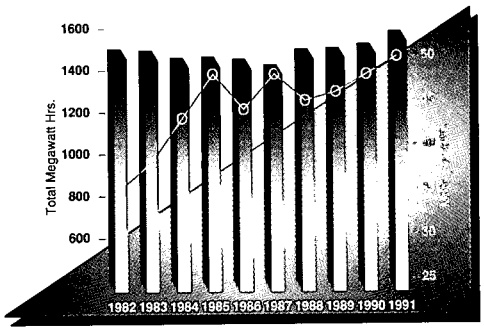
CIPCO was affected by the severe ice storm that hit the system October 31. This storm damaged facilities serving seven of the CIPCO Systems. CIPCO lost 151 poles with estimated damage of $400,000. Due to the Halloween storm, 309,008 hours of consumer outages were accumulated. This storm was undoubtedly one of the most severe CIPCO has ever experienced.

Through ownership, purchase, lease, and interchange CIPCO has sufficient generating capacity to meet the demand and energy needs of the CIPCO Systems. Interconnections with other utilities play a vital role in maintaining the reliability of the system.



Storm damage similar to that shown here affected seven of the CIPCO Systems following the October 31 ice storm.

ENERGY SALES



Base load units include the Duane Arnold Energy Center (DAEC), Council Bluffs Unit No. 3, Fair Station Unit No. 2, and the Western Area Power Administration's (WAPA) hydro-electric allotment. Intermediate units, Louisa Generating Station and Fair Station Unit No. 1, are more costly to run and are backed down to minimum output or taken off-line on weekends and during times of light loads.

The peaking units at Summit Lake and all diesel capacity owned by municipals are run only during periods of high loads or in case of emergency.

A new building was erected around No. 2 Waste Heat Boiler at Summit Lake during 1991. The cost of the building was just under $80,000, but it will protect the boiler from the elements in future years and keep it a viable part of CIPCO's generating plant.

Additional flyash hoppers were fabricated and installed at Fair Station during 1991. These hoppers will allow the plant to reduce even further the amount of dust released from the plant. The cost of the project was approximately $256,000.

DAEC set a new record of 4,146,810 MWhs generated during 1991. This exceeds the previous record by more than 21%. The unit operated all year with only short unplanned outages. Refueling is scheduled early in 1992.

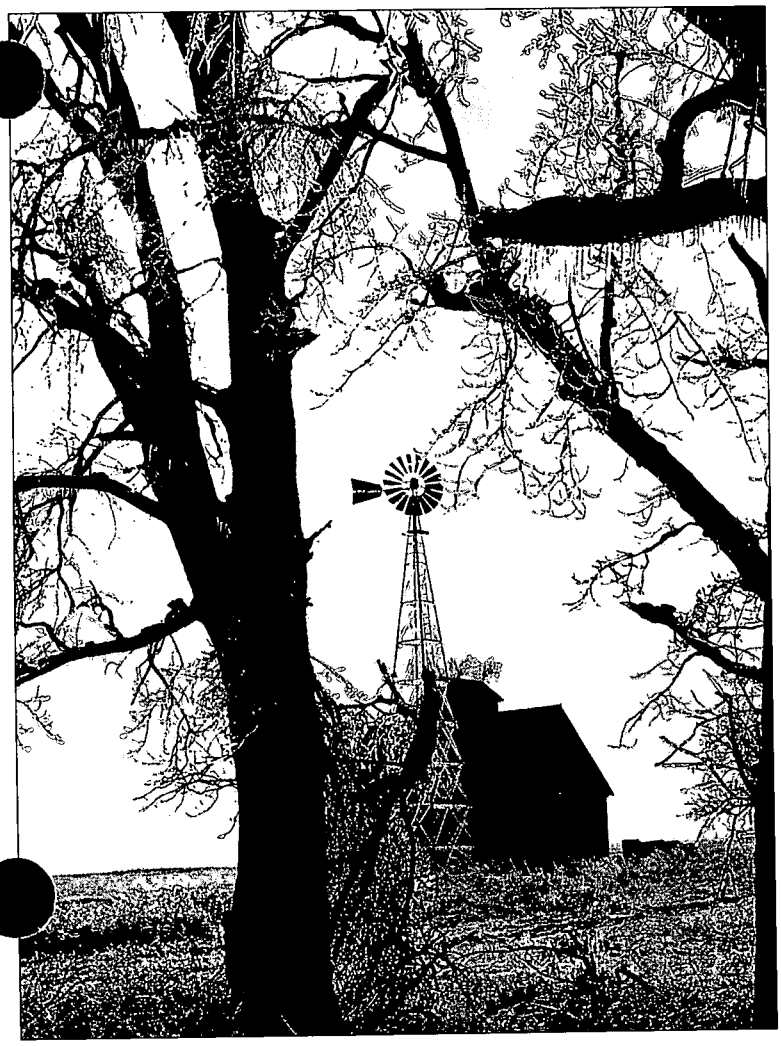
CIPCO has historically been a winter peaking system. However, again in 1991 CIPCO experienced a July peak of 318 MW, which was 2 MW higher than the December peak of 316 MW. It appears that the system is becoming very balanced, as there is no longer significant diversity between summer and winter loads.

In 1985, CIPCO and its members recognized that long term success, perhaps their very survival, would depend on the ability to create the future rather than react to it. This philosophy spurred the development of a strategic marketing plan.

Annual energy sales declined 1% per year from 1982 through 1987. This negative trend was primarily driven by a sluggish rural economy, decreasing population, and energy conservation. Sales were also inhibited by a 16% increase in real electric prices (adjusted for inflation) between 1980 and 1985.

Since 1987, energy sales have increased 2.7% per year. Much of the recent increase in energy sales can be directly attributed to the success of the CIPCO Systems in carrying out marketing and economic development programs. In 1991, an additional 66 million kWh sales (4.1% of total sales) resulted from marketing efforts.

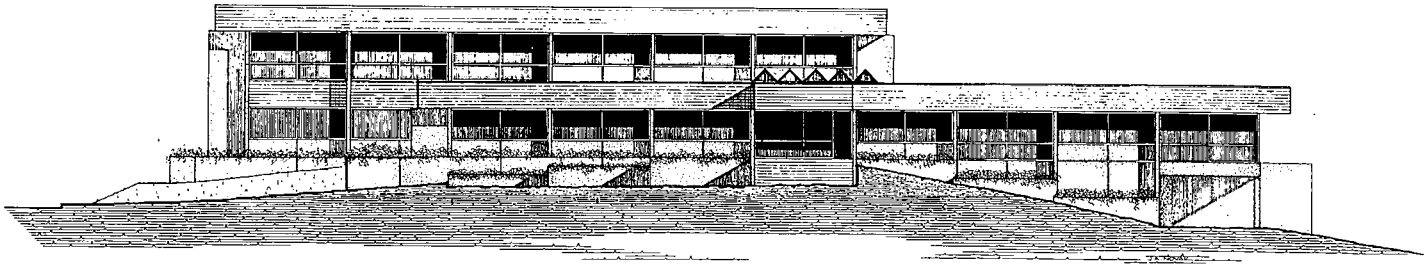
Marketing goals established in 1985 are now becoming a reality. The CIPCO Systems have marketed an additional 220 million kWhs over the past six years.



When the sun came out after the ice storm that swept across Iowa in October, CIPCO employee Marlon Vogt photographed this peaceful, ice -covered rural scene.

Real electric prices (adjusted for inflation) have fallen 17% from 1985 to 19[illegible] This trend toward stabilized rates could not have been realized in full without a strong commitment to marketing and teamwork among directors, managers, and employees throughout the CIPCO System.

Successful teamwork in 1991 among CIPCO, its member cooperatives, and the Iowa Area Development Group (IADG) brought seventeen new projects to the CIPCO Systems. These projects ranged from fresh egg production to computer software design and will result in the creation of 340 direct new jobs and over $16.5 million in new capital investment.



CENTRAL IOWA POWER COOPERATIVE

Artist's conception of CIPCO's headquarters building when construction is completed in early 1992.

CIPCO's Model Housing program involves teamwork among the G&T, member systems and trade allies. Two homes have been completed under the program and six more are on the drawing board. Hundreds have viewed the latest in all electric home innovations through these projects.

New brochures from the Iowa Marketing Group address key topics of ene[illegible] efficient lighting and electricity for agriculture. Ground source heat pump research and a contractor focus group helped cooperatives better market heating programs. A new electronic message board, display booth and training video all assist cooperatives to be more successful in their heating promotions.

Cooperatives presented contractor workshops to educate dealers in the installation and services of ground source heat pumps and to announce the new CIPCO Technical Assistance Program for supporting contractors serving members of the CIPCO Systems.

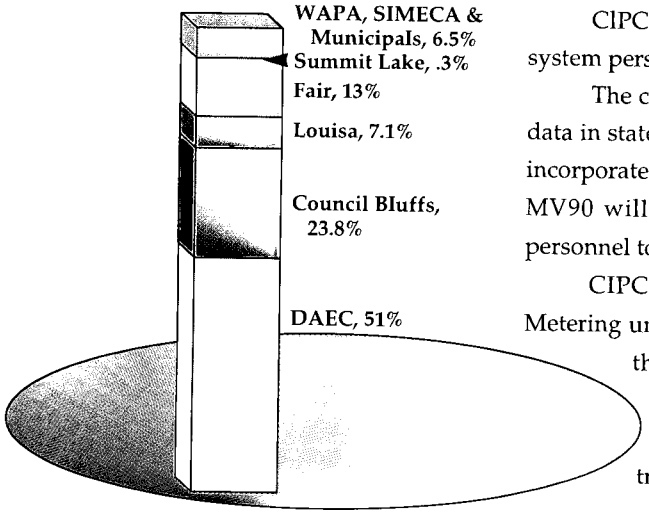
CIPCO's annual Marketing Communication Workshop continues to help member system personnel refine skills and learn new techniques in customer service.

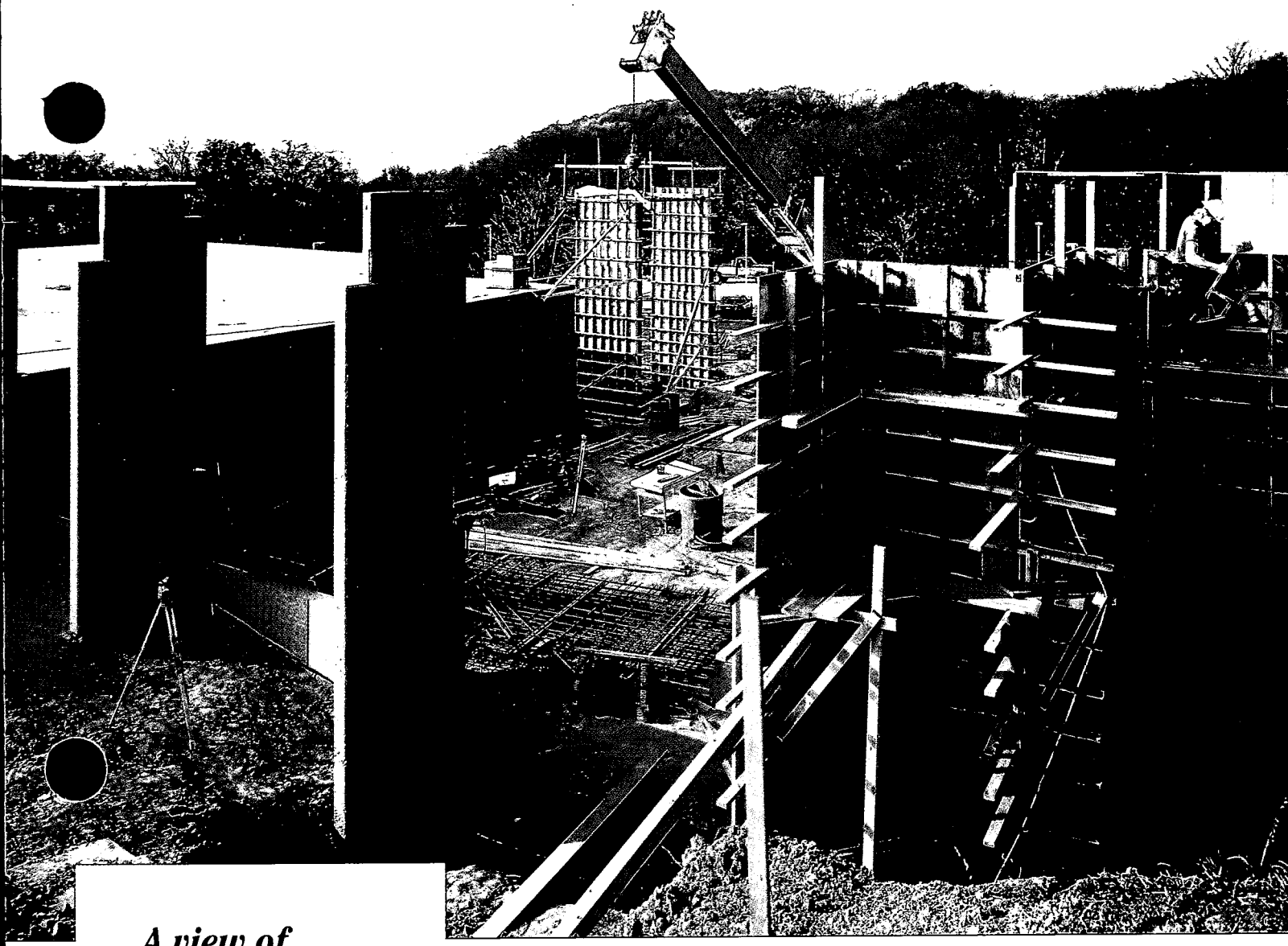
The computer support that CIPCO offers the member systems improves access to data in state-of-the-art formats. The MV90 system now available to all member systems incorporates a new energy use collection process and in-house translation capabilities. MV90 will be used by cooperative engineering, member service, and operating personnel to monitor and evaluate energy use patterns.

CIPCO continues to collect and distribute data from the JEM2A Electronic Metering units. By the end of 1991, 49% of CIPCO's metering points were converted to the electronic medium.

CIPCO has placed an order for a personal computer-based network to replace the Hewlett-Packard mainframe computer installed for tape translation purposes in 1979. This replacement will further enhance CIPC[illegible]

SOURCES OF ENERGY





A view of CIPCO's building addition in Cedar Rapids from the hillside overlooking the headquarters facility.

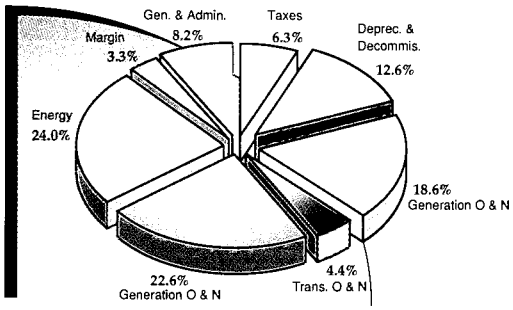
capabilities with the latest, most complete load data collection methods available for the member distribution cooperatives.

During 1991 Central Iowa Energy Cooperative (CIECO) arranged for the sale of 13.1 miles of salvage rails and ties from a portion of the acquired Chicago North Western Railroad right-of-way in Greene and Guthrie counties. Clearing the rails is the first step in converting the right-of-way to a recreational trail. George Ohm, Manager of CIECO Operations at Panora, is working with the County Conservation Boards on this restoration project.

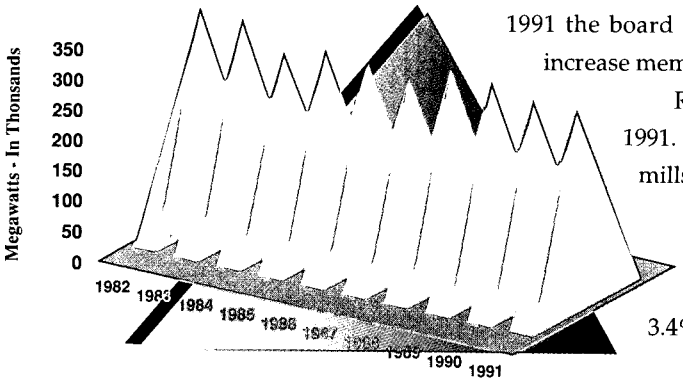
Teamwork in the purest sense was seen this year at Pella Cooperative Electric Association when the cooperative was left without leadership after the death of long-time manager, Phil Visser. Pat Murphy, CIPCO's Manager of Business Analysis, spent five months as Pella's acting manager and assisted in the search for a new manager.

Approval of a system integrity policy during 1991 provides financial support to any cooperative incurring territorial challenges and gives them the ability to adequately protect valuable growth areas. The cost of this support is shared by the member systems.

OPERATING EXPENSE



PEAK DEMAND



Improvements were made to CIPCO's marketing and economic development policies which will give further support to the CIPCO Systems. Changes to the Marketing Policy will include new energy efficiency standards that reflect mandates of the National Appliance Energy Act. Revisions are being made to the rebate schedules to further promote these opportunities for the CIPCO Systems.

The economic development policy now includes incentives for participation in economic development organizations and financing for qualifying spec buildings and industrial sites. CIPCO will also reimburse member systems for travel expenses associated with participation in trade shows promoting their service areas.

CIPCO has grown in many ways over the past several years. As services and responsibilities to the members have increased so has the need for additional space to house the staff and equipment necessary to carry out the day-to-day operations of the cooperative. In September 1991 grading began at the CIPCO headquarters building for a 11,806 square foot addition to the existing office facilities. A bid of approximately $900,000 was accepted from Loomis Brothers, Inc. of Cedar Rapids for the two-story addition. It is expected that the addition will be ready for occupancy in the early spring, and remodeling of the current space will continue into the summer.

CIPCO's total assets as of December 31, 1991, were $263.7 million with net utility plant standing at $216.7 million.

Investments of $12.4 million were made in utility plant in 1991, 94% of which were financed with internally generated funds.

Investments in the Duane Arnold Energy Center (DAEC) nuc decommissioning fund totaled $7.2 million at year end. Of this amount $4.3 millio held directly by CIPCO in U.S. Treasury bonds and $2.9 million by a trustee on behalf of CIPCO in conformity with the Nuclear Regulatory Commission requirements.

Total long-term debt as of December 31, 1991, was $204.4 million. This is a net decrease of $4.8 million due primarily to principal repayments during the year.

CIPCO has a $12 million line of credit with CFC but has not borrowed under this line during the year.

CIPCO's member equity stands at $33.4 million, which is 12.7% of total assets. In 1991 the board of directors adopted a capital management plan that will gradually increase member equity to 25% over the coming years.

Revenue from sales of electric power and energy was $79.5 million in 1991. Revenue per kilowatt-hour to CIPCO's member systems averaged 49.9 mills.

Property taxes increased 9.5% to a total of $4.9 million on utility property located in 49 counties in Iowa.

Margins of $2.7 million were recorded in 1991. This represents 3.4% of total power and energy sales for the year.

Times interest earned ratio (TIER) and debt service coverage (DSC) for 1991 of 1.17 and 1.33, respectively, were both above the mortgage requirements of REA and CFC.

The board of directors and management are committed to keeping CIPCO in a strong financial position and through long-range planning, forecasting and budge expect to see continued positive results in the years ahead.

McGLADREY & PULLEN

Certified Public Accountants and Consultants

The Board of Directors
Central Iowa Power Cooperative
Cedar Rapids, Iowa

We have audited the accompanying balance sheet of Central Iowa Power Cooperative as of December 31, 1991, and the related statements of revenue and expenses, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Central Iowa Power Cooperative for the year ended December 31, 1990, were audited by other auditors whose report, dated March 1, 1991, expressed an unqualified opinion on those statements.

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

In our opinion, the 1991 financial statements referred to above present fairly, in all material respects, the financial position of Central Iowa Power Cooperative as of December 31, 1991, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

McGladrey & Pullen

Davenport, Iowa
February 27, 1992

BALANCE SHEETS

December 31, 1991 and 1990

	1991	1990
ASSETS *(Note 4)*		
Electric utility plant, at cost (notes 2 & 7):		
In service	**$ 302,603,469**	288,345,301
Less accumulated depreciation	**107,869,491**	100,140,116
	194,733,978	188,205,185
Construction work in progress	**5,668,373**	10,007,725
Nuclear fuel, at cost less accumulated amortization of $37,302,278 in 1991; $32,959,689 in 1990	**16,320,005**	17,390,906
Net electric utility plant	**216,722,356**	215,603,816
Investments, at cost:		
Investments in associated organizations	**11,671,835**	11,736,166
Marketable securities-decommissioning fund	**7,237,474**	6,631,314
Other investments	**1,731,063**	81,063
Total investments	**20,640,372**	18,448,543
Current assets:		
Cash and cash equivalents:		
Cash, general	**774,521**	750,378
Cash, construction	**72,607**	72,607
Temporary investments	**4,576,955**	1,500,000
Accounts receivable, members	**6,953,879**	6,412,86[illegible]
Other receivables, primarily from affiliate	**2,788,335**	2,738,6[illegible]
Fossil fuel, materials and supplies	**5,191,880**	5,578,223
Prepaid expenses	**957,606**	953,637
Interest receivable	**60,741**	57,387
Deferred charges	**1,025,670**	4,960,993
Total current assets	**22,402,194**	23,024,779
Deferred charges	**3,986,348**	5,012,018
	$ 263,751,270	262,089,156
CAPITALIZATION & LIABILITIES		
Capitalization:		
Members' equity:		
Membership fees	**$ 1,700**	1,700
Patronage capital	**12,724,266**	11,224,266
Other equities (note 3)	**20,692,363**	19,481,315
Total members'equity	**33,418,329**	30,707,281
Long-term debt, excluding current maturities (note 4)	**204,381,424**	209,197,377
Total capitalization	**237,799,753**	239,904,658
Commitments and contingent liabilities (note 8)		
Current liabilities:		
Current maturities of long-term debt (note 4)	**5,580,791**	5,270,227
Accounts payable	**3,146,263**	3,456,519
Accrued property taxes	**4,937,427**	4,631,124
Other accrued expenses	**423,134**	386,62[illegible]
Advances from members	**4,514,032**	2,160,0[illegible]
Total current liabilities	**18,601,647**	15,904,498
Other liabilities - decommissioning reserves	**7,349,870**	6,280,000
	$ 263,751,270	262,089,156

See Notes to Financial Statements.

STATEMENTS OF REVENUE AND EXPENSES

Years Ended December 31, 1991 and 1990

	1991	1990
Operating revenue:		
Electric energy sales	$ 79,485,447	74,392,303
Rent of electric property	864,108	1,366,597
Miscellaneous electric revenue	433,468	303,927
Total operating revenue	80,783,023	76,062,827
Operating expenses:		
Purchased power	5,093,377	6,994,000
Operations:		
Production plant - fuel	14,771,567	13,433,570
Production plant - other	12,618,583	11,011,470
Transmission plant	1,530,649	1,421,518
Maintenance:		
Production plant	6,127,536	4,682,414
Transmission plant	2,111,910	2,171,531
Administrative and general	6,775,318	5,758,753
Depreciation and amortization	9,398,207	10,788,846
Decommissioning provision	1,069,870	1,725,699
Property and other taxes	5,211,472	4,971,856
Total operating expenses	64,708,489	62,959,657
Net operating margin	16,074,534	13,103,170
Other revenue:		
Interest income	1,328,045	1,604,174
Patronage capital allocations	178,299	159,489
Miscellaneous income - principally from affiliated cooperative	583,662	445,578
Gain on sale of property (note 2)	-	1,889,287
Total other revenue	2,090,006	4,098,528
Net margin before interest charges	18,164,540	17,201,698
Interest charges:		
Interest on long-term debt	15,971,183	16,116,010
Allowance for borrowed funds used during construction	(517,691)	(878,381)
Net interest charges	15,453,492	15,237,629
Net margin	$ 2,711,048	1,964,069

See Notes to Financial Statements.

STATEMENTS OF MEMBERS' EQUITY

Years Ended December 31, 1991 and 1990

	Membership fees	Patronage capital	Other equities	Total members' equity
Balance at December 31, 1989	$ 1,700	9,144,923	19,596,589	28,743,212
Net margin	-	-	1,964,069	1,964,069
Patronage capital allocated	-	2,079,343	(2,079,343)	-
Balance at December 31, 1990	1,700	11,224,266	19,481,315	30,707,281
Net margin	-	-	2,711,048	2,711,048
Patronage capital allocated	-	1,500,000	(1,500,000)	-
Balance at December 31, 1991	$ 1,700	12,724,266	20,692,363	33,418,329

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 1991 and 1990

		1991	1990
Cash flows from operating activities:			
Net margin	$	**2,711,048**	1,964,069
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization of electric utility plant		**8,899,008**	8,491,597
Amortization of deferred charges		**4,960,993**	4,641,613
Amortization of nuclear fuel		**4,342,589**	3,026,926
Decommissioning provision		**1,069,870**	1,725,699
Refueling outage costs deferred		**-**	(5,018,824)
Patronage capital allocations not received in cash		**(178,299)**	(159,489)
Amortization of investment premium		**15,840**	15,840
Gain on sale of property		**-**	(1,889,287)
Increase in receivables		**(590,660)**	(298,034)
Increase (decrease) in fossil fuel, material and supplies		**386,343**	(832,871)
Increase in prepayments and interest receivable		**(7,323)**	(45,059)
Increase in accounts payable and accrued liabilities		**32,553**	292,404
Net cash provided by operating activities		**21,641,962**	11,914,584
Cash flows from investing activities:			
Additions to utility plant, net		**(11,088,449)**	(13,892,680)
Proceeds from sale of property		**-**	4,224,990
Purchases of nuclear fuel		**(3,271,688)**	(1,599,919)
Increase in decommissioning fund		**(622,000)**	(2,280,000)
Purchase of other investments		**(1,650,000)**	-
Receipt of prior years' patronage capital allocation		**242,630**	209,337
Net cash used by investing activities		**(16,389,507)**	(13,338,272)
Cash flows from financing activities:			
Increase in advances from members		**2,354,032**	2,160,000
Principal payments on long-term debt		**(5,254,389)**	(6,287,137)
Proceeds from long-term borrowings		**749,000**	1,810,000
Net cash (used in) financing activities		**(2,151,357)**	(2,317,137)
Net increase (decrease) in cash and cash equivalents		**3,101,098**	(3,740,825)
Cash and cash equivalents at beginning of year		**2,322,985**	6,063,810
Cash and cash equivalents at end of year	$	**5,424,083**	2,322,985
Supplemental disclosure of cash flow information:			
Cash payments for interest (net of allowance for borrowed funds used during construction)	$	**15,452,704**	15,074,499

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1991 and 1990

NOTE 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 sixteen members. The Cooperative is not subject to external rate regulation other than by the Rural Electrification Administration.

Distribution of margins of the Cooperative is 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 Cooperative is recovering its portion of the present value of the estimated future costs to decommission the Duane Arnold Energy Center (DAEC) over the remaining life of the DAEC using the sinking fund method. The estimated costs of decommissioning DAEC, which is projected to begin in 2010, is based on studies performed in 1985 and 1989. Based on the most recent study, the Cooperative estimates that its portion of the costs to decommission DAEC will be approximately $59,000,000.

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 Borrowed Funds Used During Construction

The allowance for borrowed 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 7.2% for 1991 and 9.6% for 1990.

(d) Nuclear Fuel

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

(e) Fossil Fuel, Materials and Supplies

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

(f) Investments

Investments in associated organizations consist primarily of capital term certificates issued by the National Rural Electric Cooperative Finance Corporation (CFC) and are carried at cost which approximates market.

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

Other investments at December 31, 1991, consist primarily of preferred shares in a venture capital corporation. These shares are carried at cost which approximates market.

(g) Pension Plan

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

NOTE 1
Summary of Significant Accounting Policies (Continued)

(h) Deferred Charges

Deferred charges consist principally of cancelled project costs and a one time fee for spent nuclear fuel used to generate electricity prior to April, 1983. These costs are being recovered through rates over various amortization periods as follows: cancelled project costs, ten years ending in 1995; and the one time fee for spent nuclear fuel, thirteen years ending in 1998. The amount of these costs to be amortized in 1992 has been reflected as a current asset in the balance sheet.

During 1990, the Cooperative wrote off an additional $1,500,000 of deferred cancelled project costs. This write off was approved by the Cooperative's members.

(i) Cash Equivalents

Cash equivalents of $4,576,955 and $1,500,000 at December 31, 1991 and 1990, respectively, consist of CFC commercial paper. For purposes of the statement of cash flows, the Cooperative considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(j) Reclassifications

Certain 1990 amounts have been reclassified to conform to the 1991 presentation.

NOTE 2
Electric Utility Plant in Service

The major classes of electric utility plant in service at December 31, 1991 and 1990 and depreciation and amortization for 1991 and 1990 are as follows:

	Cost at December 31		Depreciation and amortization		Composite rates (%)
	1991	1990	**1991**	1990	
Intangible plant	$ **279,487**	274,466	**5,656**	5,578	4.00
Production plant	**217,921,525**	213,423,452	**6,658,589**	6,360,835	3.10
Transmission plant	**78,518,844**	68,998,514	**1,870,280**	1,683,953	2.75
Distribution plant	**454,256**	454,256	**12,914**	12,914	2.75
General plant	**5,429,357**	5,194,613	**351,569**	428,317	3.00-16.00
Electric utility plant in service	$ **302,603,469**	288,345,301	**8,899,008**	8,491,597	

During 1990 the Cooperative sold its Prairie Creek generation and transmission facility to another utility for cash and recognized a gain of $1,889,287. This facility was previously leased to the utility under an operating lease agreement.

NOTE 3
Other Equities

Other equities consist of the following:	December 31,	
	1991	1990
Unallocated margin	$ **2,711,048**	1,964,069
Reserve for contingent losses	**12,727,630**	12,727,630
Surplus	**5,253,685**	4,789,616
	$ **20,692,363**	19,481,315

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

NOTE 4
Long-Term Debt

Long-term debt consists of the following:	December 31,	
	1991	1990
Rural Electrification Adıninistration (REA), 2% and 5% mortgage notes payable, due in quarterly installments approximating $1,327,000, including interest, maturing through June 2019	$ **63,904,391**	66,552,882
Federal Financing Bank (FFB), 7.319% - 14.043% mortgage notes payable, guaranteed by REA, due in quarterly installments approximating $3,023,000, including interest, maturing from December 2010 through 2021	**113,165,218**	113,696,006

NOTE 4
Long-Term Debt (Continued)

	December 31, 1991	1990
National Rural Utilities Cooperative Finance Corporation (CFC), 6.125 % and 7% mortgage notes payable, due in quarterly installments approximating $297,000, including interest, maturing from December 2006 through December 2015	**11,195,282**	11,578,445
National Rural Utilities Cooperative Finance Corporation (CFC), variable interest rate (6.125% at December 31, 1991) notes payable, due in quarterly installments approximating $205,000, including interest, through March 31, 2020	**8,709,715**	8,778,277
Central Iowa Power Cooperative members, 7% unsecured notes payable, due in quarterly installments approximating $56,000, including interest, until maturity on December 31, 2008	**1,995,350**	2,076,883
City of Council Bluffs, Iowa Pollution Control Revenue Bonds guaranteed by CFC, 4.70% - 6.125%, due in varying annual installments through December 1, 2007	**3,530,000**	3,660,000
Louisa County, Iowa Pollution Control Revenue Bonds guaranteed by CFC, 9.3% - 10.625%, due in varying annual installments through December 15, 2003	**3,265,000**	3,410,000
Eastern Iowa Light and Power Cooperative, capital lease obligations, 2% and 5%, due in quarterly installments approximating $170,000 through 1993, $109,000 through 1998, and $50,000 thereafter through 2013	**4,197,259**	4,715,111
Total long-term debt	**209,962,215**	214,467,604
Less current maturities	**5,580,791**	5,270,227
Total long-term debt, excluding current maturities	**$ 204,381,424**	209,197,377

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1991 are as follows: 1992, $5,580,791; 1993, $5,793,185; 1994, $5,977,504; 1995, $6,252,368; and 1996, $6,628,234.

As of December 31, 1991, the Cooperative had $12,000,000 of unadvanced funds available under a short-term line of credit agreement with CFC which expires November, 1992.

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

NOTE 5
Pension Plan

The Cooperative participates in a multi-employer pension 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 for 1991 and 1990 amounted to $276,000 and $253,000, respectively.

NOTE 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.

NOTE 7
Jointly-Owned Electric Utility Plant

The Cooperative's share of jointly owned generating facilities as of December 31, 1991, is reflected in the following table. These facilities provide approximately 50% of the Cooperative's total generating capacity. The Cooperative is required to provide financing for its share of the units. The Cooperative's share of expenses associated with these units is included with the appropriate operating expenses in the statements of revenue and expense.

Unit	Percentage Ownership	Capacity MW	Electric Utility Plant, Net
Duane Arnold Energy Center	20.0%	108	$81,676,822
Council Bluffs Unit #3	11.5	78	25,259,626
Louisa Generating Station	4.6	30	23,026,699

NOTE 8
Commitments and Contingent Liabilities

The Cooperative has entered into an agreement to guarantee all costs associated with the payable to the National Rural Utilities Cooperative Finance Corporation for loans made to an associated cooperative. As of December 31, 1991, the associated cooperative had outstanding loans of approximately $4,113,000 ($3,986,000 long-term, $127,000 short-term) which are secured by real estate of the associated organization. Summarized unaudited financial information of the associated organization as of and for the year ended December 31, 1991, is as follows:

Financial Position		Results of Operations	
Current assets	$ 371,311	Operating revenue	$ 1,626,606
Noncurrent assets	8,499,478	Operating (expenses)	(1,857,200)
	$ 8,870,789	Other income (expenses), net	55,281
Current liabilities	2,613,620	Net (loss)	$ (175,313)
Noncurrent liabilities	4,145,324		
Capitalization	2,111,845		
	$ 8,870,789		

The Cooperative is committed under a venture capital corporation subscription agreement to purchase the remaining one-half of their subscribed preferred shares at a price of $1,650,000 on a closing date that will occur between August 1, 1992, and December 31, 1993.

The Cooperative's operations and activities with respect to its coal-fired facilities are subject to developing environmental legislation and regulations by Federal and State authorities. Recent amendments to the Federal Clean Air Act require utilities, including the Cooperative, to comply with more restrictive emissions standards commencing in 1995. The Cooperative will recover any increased costs resulting from compliance with the environmental legislation through increased rates.

Under the Price-Anderson Act, (as amended in 1988) all nuclear power station operators are subject to public liability for a nuclear incident which is currently limited to $7,279,000 per incident. Coverage of the first $200,000,000 is provided by private insurance with the balance provided by retrospective premium assessments against each licensed nuclear unit in the United States. As a joint owner of the DAEC, the Cooperative is a party to the insurance policies covering such nuclear incidents which are maintained by Iowa Electric Light and Power Company (70% owner and operator of DAEC) and is charged for its proportionate share of such insurance costs. In the event of an incident at any nuclear plant in the United States in excess of $200,000,000, the Cooperative could be assessed a maximum of $12,600,000 per incident, with a maximum assessment of $2,000,000 in one year.

TEN YEAR FINANCIAL SUMMARY

(Unaudited)

		1991	1990	1989
SUMMARY OF OPERATIONS				
Operating revenue	$	**80,783,023**	76,062,827	74,003,293
Operating expenses and interest:				
Purchased power		**5,093,377**	6,994,000	4,596,355
Operations and maintenance		**37,160,245**	32,720,503	33,383,176
Administrative and general		**6,775,318**	5,758,753	5,140,751
Depreciation and amortization		**9,398,207**	10,788,846	9,400,390
Decommissioning provision		**1,069,870**	1,725,699	1,001,790
Property and other taxes		**5,211,472**	4,971,856	4,710,889
Net interest charges		**15,453,492**	15,237,629	15,283,640
Total operating expenses and interest		**80,101,981**	78,197,286	73,516,991
Operating margin		**681,042**	(2,134,459)	486,302
Other revenue		**2,090,006**	4,098,528	2,093,041
Net margin	$	**2,711,048**	1,964,069	2,579,343
ASSETS				
Electric utility plant	$	**361,894,125**	348,703,621	351,945,766
Less accumulated depreciation and amortization		**145,171,769**	133,099,805	137,980,323
Net electric utility plant		**216,722,356**	215,603,816	213,965,443
Investments		**20,640,372**	18,448,543	16,234,231
Current assets		**22,402,194**	23,024,779	22,686,762
Deferred charges		**3,986,348**	5,012,018	7,537,685
Total assets	$	**263,751,270**	262,089,156	260,424,121
CAPITALIZATION AND LIABILITIES				
Members' equity	$	**33,418,329**	30,707,281	28,743,212
Long-term debt		**204,381,424**	209,197,377	213,767,922
Spent nuclear fuel disposal liability		**-**	-	-
Current liabilities		**18,601,647**	15,904,498	13,358,686
Decommissioning reserves		**7,349,870**	6,280,000	4,554,301
Total capitalization and liabilities	$	**263,751,270**	262,089,156	260,424,121

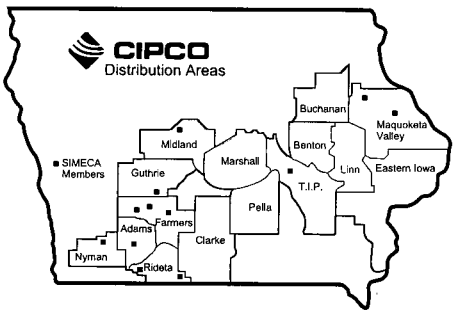
1988	1987	1986	1985	1984	1983	1982
73,190,171	68,805,228	67,660,629	71,132,939	64,242,148	58,643,815	53,224,842
3,549,839	4,511,217	3,228,972	10,651,421	9,310,487	5,354,110	1,728,760
34,725,741	31,144,655	29,793,316	27,569,688	26,630,591	30,392,265	28,190,534
4,357,809	3,787,341	3,231,141	3,073,865	2,592,445	2,602,144	2,597,290
9,377,277	8,910,470	8,546,967	7,253,123	7,698,875	6,484,118	6,998,930
1,028,832	929,960	838,831	754,887	-	-	-
4,364,878	4,243,785	4,222,102	3,994,490	4,206,417	3,815,460	3,589,478
14,830,577	15,323,888	15,769,131	14,500,285	13,496,875	9,873,776	9,177,792
72,234,953	68,851,316	65,630,460	67,797,759	63,935,690	58,521,873	52,282,784
955,218	(46,088)	2,030,169	3,335,180	306,458	121,942	942,058
1,744,943	1,713,438	1,726,608	1,034,308	809,938	534,427	783,548
2,700,161	1,667,350	3,756,777	4,369,488	1,116,396	656,369	1,725,606
339,859,546	315,296,237	305,693,465	295,189,519	93,659,876	280,635,043	65,446,255
127,792,910	117,308,959	107,009,719	96,551,822	87,457,382	77,433,944	68,916,957
212,066,636	197,987,278	198,683,746	198,637,697	206,202,494	203,201,099	196,529,298
16,301,544	14,016,197	11,290,315	9,341,109	9,290,756	8,730,585	7,713,720
19,708,998	29,492,565	29,299,708	25,142,825	15,022,757	17,319,460	17,293,393
9,343,599	10,335,627	11,591,849	12,522,126	6,835,981	7,978,297	-
257,420,777	251,831,667	250,865,618	245,643,757	237,351,988	237,229,441	221,536,411
26,163,869	23,495,994	21,828,644	18,071,867	13,702,379	13,126,587	12,470,218
212,957,991	213,794,778	215,331,259	213,309,618	202,731,539	203,720,613	198,030,109
-	-	-	-	4,735,981	4,735,981	-
14,746,407	12,017,216	12,111,996	13,507,385	16,182,089	15,646,260	11,036,084
3,552,510	2,523,679	1,593,719	754,887	-	-	-
257,420,777	251,831,667	250,865,618	245,643,757	237,351,988	237,229,441	221,536,411

MEMBER COOPERATIVE OPERATING STATISTICS

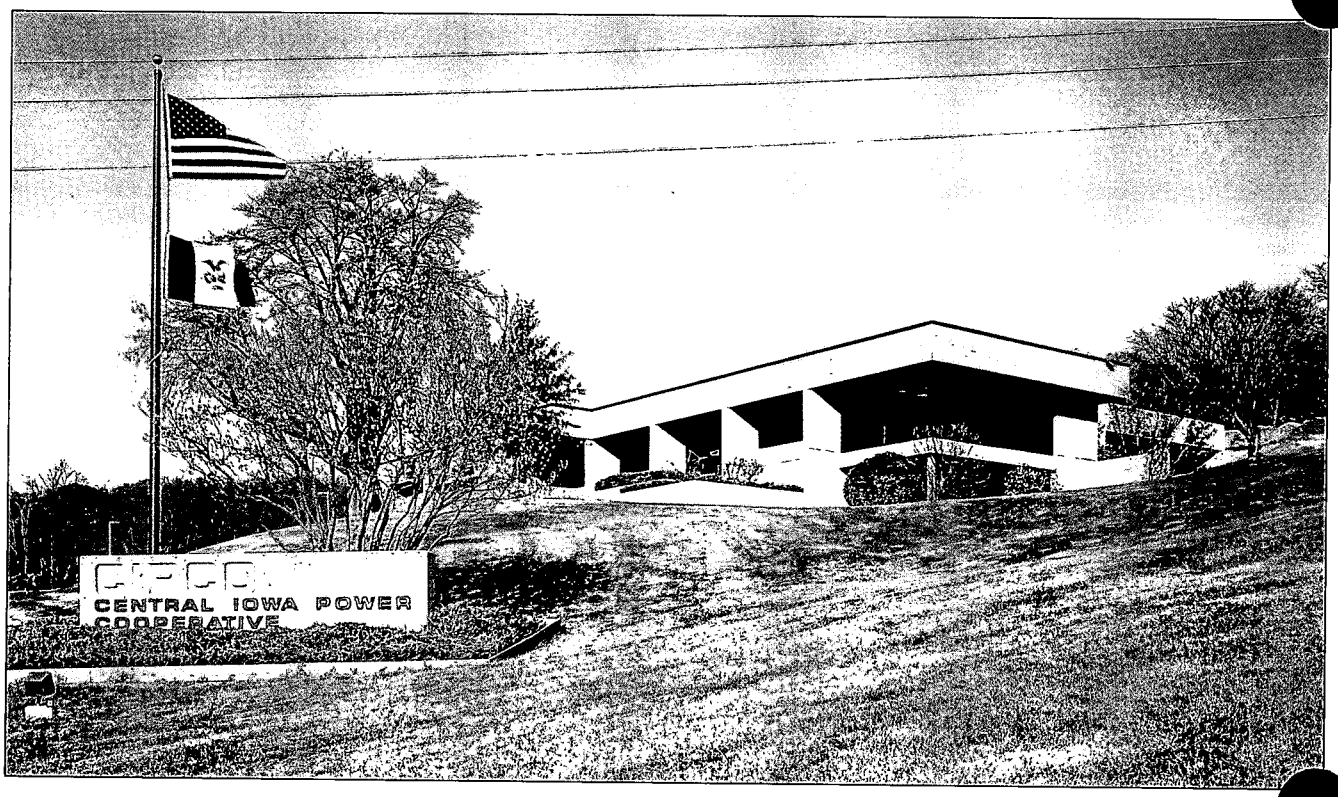
	Adams	Benton	Buchanan	Clarke	Eastern	Farmers
SUMMARY OF OPERATION						
Operating Revenue	$ 2,366,977	4,424,564	5,897,122	523,028	24,076,877	7,320,687
Purchased Power	1,264,925	2,973,826	3,968,427	2,771,915	16,092,744	4,540,693
Operating Expenses	556,803	804,408	972,504	1,217,073	3,697,360	1,100,509
Depreciation	178,504	181,392	286,888	610,761	1,444,146	452,412
Tax Expense	53,266	84,498	122,846	159,813	457,701	134,555
Interest Expense	193,352	256,181	424,176	438,831	1,354,724	449,663
Total Cost - Electric Service	2,246,849	4,300,305	5,774,840	5,198,393	23,046,675	6,677,832
Operating Margins	120,128	124,261	122,282	84,635	1,030,202	642,855
Non-operating Margins & Capital Credits	77,744	143,432	207,307	153,423	1,066,240	114,965
Patronage Capital or Margins	197,872	267,693	329,589	238,058	2,096,442	757,820
ASSETS AND OTHER DEBITS						
Total Utility Plant	5,789,894	8,314,463	11,843,517	14,062,979	49,688,363	14,216,479
Accumulated Depreciation & Amortization	1,755,028	2,324,168	2,918,941	4,539,269	13,007,258	4,015,909
Net Utility Plant	4,034,866	5,990,295	8,924,576	9,523,710	36,681,105	10,200,570
Property & Investments	894,387	1,251,560	1,477,860	1,232,358	11,127,387	1,728,951
Current & Accrued Assets	695,194	822,527	1,484,663	1,711,233	9,274,605	1,738,980
Deferred Debits	32,529	319,078	21,675	27,555	261,938	16,871
Total Assets	5,656,976	8,383,460	11,908,775	12,494,856	57,345,035	13,685,372
LIABILITIES AND OTHER CREDITS						
Margins & Equities	1,793,931	3,955,971	4,626,319	3,703,258	23,552,888	4,994,557
Long Term Debt	3,627,405	4,222,140	7,017,517	8,131,700	31,154,070	7,422,151
Current & Accrued Liabilities	225,908	195,569	226,470	608,538	2,448,621	1,260,013
Deferred Credits & Misc. Oper. Reserves	9,731	9,780	38,469	51,360	189,456	8,651
Total Liabilities	5,656,976	8,383,460	11,908,775	12,494,856	57,345,035	13,685,372
OTHER STATISTICS						
Miles of Line	794	942	1221	1733	4389	1757
Consumers Served	1684	3388	3448	4168	19374	4613
Consumers Per Mile	2.1	3.6	2.8	2.4	4.4	2.6
kWhs sold per consumer	14,353	16,484	23,003	11,525	15,548	20,521
MWh Sales	24,170	55,847	79,314	48,035	301,228	94,662
Annual Revenue per Consumer	1,406	1,306	1,710	125	1,243	1,587
Plant Investment per Consumer	3,438	2,454	3,435	3,374	2,565	3,082

Greene	Guthrie	Linn	Maquoketa	Marshall	Nyman	Pella	Rideta	T. I. P.	Total
7,650,049	4,763,536	12,667,771	15,604,377	5,380,261	1,774,235	2,726,804	2,972,266	7,380,908	105,529,462
4,956,383	2,817,179	8,848,609	11,823,032	3,515,566	1,040,359	1,843,176	1,563,439	4,597,786	72,618,059
1,481,536	1,147,845	2,149,705	2,107,053	1,036,051	481,990	601,209	654,223	1,396,572	19,404,840
523,234	303,512	513,049	663,572	320,335	100,743	124,894	222,654	335,173	6,261,270
156,603	106,006	246,014	296,966	113,753	43,496	52,904	78,557	136,289	2,243,266
514,319	369,601	739,415	663,630	331,420	122,340	134,174	267,856	386,612	6,646,294
7,632,075	4,744,143	12,496,792	15,554,254	5,317,125	1,788,928	2,756,357	2,786,729	6,852,431	107,173,729
17,974	19,393	170,979	50,123	63,136	(14,693)	(29,554)	185,539	528,477	3,115,736
187,155	269,200	276,966	619,653	193,014	47,970	100,656	69,173	196,120	3,723,017
205,130	288,593	447,945	669,776	256,150	33,277	71,102	254,711	724,597	6,838,754
19,205,776	11,027,451	22,175,889	24,942,222	10,034,357	3,814,898	5,129,741	8,597,946	13,513,220	222,357,196
5,245,549	4,053,660	5,570,322	9,123,255	3,506,647	1,310,533	1,874,519	2,409,196	3,791,569	65,445,824
13,960,227	6,973,791	16,605,567	15,818,967	6,527,709	2,504,365	3,255,222	6,188,750	9,721,651	156,911,372
2,000,685	1,194,741	2,824,605	4,034,763	1,313,899	489,215	1,080,070	720,318	1,734,427	33,105,227
1,534,102	2,512,770	2,555,533	5,417,733	2,250,779	432,664	621,634	609,200	2,061,248	33,722,864
107,490	16,800	153,019	52,066	29,459	5,142	25,332	40,666	46,036	1,155,656
17,602,504	10,698,101	22,138,724	25,323,530	10,121,845	3,431,386	4,982,258	7,558,934	13,563,362	224,895,119
6,727,395	4,010,749	7,267,323	14,355,911	4,159,081	1,125,356	2,307,286	2,074,980	6,701,616	91,356,621
9,263,923	6,236,493	11,264,505	10,447,321	5,381,390	2,110,913	2,388,569	5,039,130	6,125,979	119,833,206
1,609,075	443,516	3,485,818	441,352	578,453	191,650	277,591	381,399	723,544	13,097,517
2,111	7,343	121,078	78,946	2,922	3,467	8,811	63,425	12,224	607,774
17,602,504	10,698,101	22,138,724	25,323,530	10,121,845	3,431,386	4,982,258	7,558,934	13,563,362	224,895,118
1630	1385	1647	2970	1060	592	581	1251	1721	23,674
5164	4395	10754	11241	3878	1441	1969	2611	5341	83,469
3.2	3.2	6.5	3.8	3.7	2.4	3.4	2.1	3.1	3.5
18,016	12,114	14,523	18,904	16,626	13,468	17,319	11,257	16,391	16,211
93,035	53,242	156,180	212,500	64,476	19,407	34,101	29,391	87,544	1,353,132
1,481	1,084	1,178	1,388	1,387	1,231	1,385	1,138	1,382	1,264
3,719	2,509	2,062	2,219	2,588	2,647	2,605	3,293	2,530	2,664

CIPCO SYSTEMS



Adams County Cooperative Electric Co. • Corning
Benton County Electric Cooperative Association • Vinton
Buchanan County Rural Electric Cooperative • Independence
Clarke Electric Cooperative, Inc. • Osceola
Eastern Iowa Light and Power Cooperative • Wilton
Farmers Electric Cooperative, Inc. • Greenfield
Greene County Rural Electric Cooperative • Jefferson
Guthrie County Rural Electric Cooperative • Guthrie Center
Linn County Rural Electric Cooperative • Marion
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 (SIMECA
Brooklyn, Cascade, Corning, Earlville, Fontanelle, Gowrie, Greenfield, Lamoni, Lenox, Stuart, Villisca, Winterset
T.I.P. Rural Electric Cooperative • Brooklyn



Central Iowa Power Cooperative
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&CO.

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CORN BELT POWER COOPERATIVE

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1991 AND 1990
TOGETHER WITH AUDITORS' REPORTS

Arthur Andersen & Co.

33 West Monroe Street
Chicago IL 60603-5385

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Corn Belt Power Cooperative:

We have audited the accompanying balance sheets of CORN BELT POWER COOPERATIVE (a cooperative association incorporated in Iowa) as of December 31, 1991 and 1990, and the related statements of revenues and expenses, cash flows and deferred patronage dividends and other equities for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our 1991 audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. We conducted our 1990 audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corn Belt Power Cooperative as of December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Chicago, Illinois,
February 21, 1992.

Arthur Andersen & Co.

33 West Monroe Street
Chicago IL 60603-5385

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL STRUCTURE

To the Board of Directors of
Corn Belt Power Cooperative:

We have audited the financial statements of CORN BELT POWER COOPERATIVE as of and for the year ended December 31, 1991, and have issued our report thereon dated February 21, 1992.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit also included the procedures specified in 7 CFR Part 1773.38-.45.

In planning and performing our audit of the financial statements of Corn Belt Power Cooperative for the year ended December 31, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Corn Belt Power Cooperative is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures, including the controls established to ensure compliance with laws and regulations that have a material impact on Corn Belt Power Cooperative's financial statements and the results of the audit thereof, in the following categories:

- Financial reporting cycle
- Vendor/payroll expenditure cycle
- Revenue cycle
- Treasury cycle
- Conversion (fixed assets/inventory) cycle

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the Board of Directors, management and the Rural Electrification Administration (REA). However, upon receipt by the REA, this report is a matter of public record and its distribution is not limited.

Arthur Andersen & Co.

Chicago, Illinois,
February 21, 1992.

Arthur Andersen & Co.

33 West Monroe Street
Chicago IL 60603-5385

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

To the Board of Directors of
Corn Belt Power Cooperative:

We have audited the financial statements of CORN BELT POWER COOPERATIVE as of and for the year ended December 31, 1991, and have issued our report thereon dated February 21, 1992.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to Corn Belt Power Cooperative is the responsibility of Corn Belt Power Cooperative's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Corn Belt Power Cooperative's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Corn Belt Power Cooperative complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Corn Belt Power Cooperative had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Directors, management and the Rural Electrification Administration (REA). However, upon receipt by the REA, this report is a matter of public record and its distribution is not limited.

Arthur Andersen & Co.

Chicago, Illinois,

MEMBERSHIP CAPITAL AND LIABILITIES

	1991	1990
MEMBERSHIP CAPITAL:		
Memberships, at $100 per membership	$ 1,400	$ 1,400
Deferred patronage dividends, per accompanying statements (payment restricted as indicated in Note 3)	5,867,255	5,617,255
Other equities, per accompanying statements	12,067,833	11,563,634
	17,936,488	17,182,289
LONG-TERM DEBT (Note 4):		
Rural Electrification Administration	47,309,400	49,473,387
Federal Financing Bank	74,172,187	68,866,983
Capital lease obligations (Note 2)	7,298,714	7,546,598
Pollution control revenue bonds	2,975,000	3,085,000
	131,755,301	128,971,968
Less - Current maturities of long-term debt	4,488,530	6,888,715
	127,266,771	122,083,253
OTHER LONG-TERM LIABILITIES:		
Deferred compensation	343,789	357,291
CURRENT LIABILITIES:		
Current maturities of long-term debt	4,488,530	6,888,715
Accounts payable	2,019,145	2,279,474
Accrued property and other taxes	2,506,373	2,334,671
Other	405,279	443,682
	9,419,327	11,946,542
DEFERRED CREDITS:		
Other (Note 7)	979,996	603,314
	$ 155,946,371	$ 152 172,689

The accompanying notes to financial statements are an integral part of these balance sheets.

Energy in Action

Statements of Revenues and Expenses

For the Years Ended December 31, 1991 and 1990

	1991	1990
OPERATING REVENUES:		
Sales of electric energy	$ 37,085,089	$ 35,766,418
Other	2,404,645	2,417,549
	39,489,734	38,183,967
OPERATING EXPENSES:		
Operation -		
Steam and other power generation	13,629,044	13,169,437
Purchased Power, net	(99,575)	(503,118)
Transmission	1,261,880	1,222,872
Sales	287,757	277,433
Administrative and general	3,383,878	2,892,589
Maintenance -		
Steam and other power generation	3,681,482	3,680,851
Transmission	528,799	555,937
General plant	26,543	29,563
Depreciation and decommissioning (Note 2)	6,175,195	6,160,185
Property and other taxes	2,816,038	2,572,201
	31,691,041	30,057,950
Net Operating Revenues	7,798,693	8,126,017
INTEREST AND OTHER DEDUCTIONS:		
Interest on long-term debt	8,706,284	8,659,726
Other interest (Note 2)	415,443	267,031
Interest during construction (Note 2)	(362,113)	(510,203)
Other deductions	8,512	10,171
Amortization of loan expense	11,194	8,108
	8,779,320	8,434,833
NET OPERATING DEFICIT	(980,627)	(308,816)
NON-OPERATING MARGIN:		
Interest income	1,076,818	1,291,550
Other, net (Note 6)	892,858	144,753
	1,969,676	1,436,303
NET MARGIN	$ 989,049	$ 1,127,487

The accompanying notes to financial statements are an integral part of these statements.

Statements of Cash Flows

For the Years Ended December 31, 1991 and 1990 (Note 2)

	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 989,049	$ 1,127,487
Adjustments to reconcile net margin to cash provided by (used in) operations:		
Depreciation and decommissioning	6,914,131	6,233,858
Amortization of nuclear fuel	2,140,169	1,473,024
Amortization of deferred refueling costs	1,654,543	941,274
Amortization of nuclear fuel disposal costs	160,176	160,176
Gain on capacity sale	(646,514)	—
Changes in current assets and liabilities:		
Accounts receivable	(268,354)	398,042
Inventories	129,553	680,887
Prepayments	124,298	(86,609)
Accounts payable	(260,329)	(1,498,752)
Accrued property and other taxes	171,702	4,206
Other liabilities	(38,403)	(1,913)
Increase in deferred compensation	(13,502)	(9,578)
Other	(113,000)	(19,574)
Net cash provided by operating activities	10,943,519	9,402,528
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	6,510,000	1,160,000
Repayment of long-term debt	(3,726,667)	(4,071,326)
Deferred patronage dividends paid	(250,000)	(250,000)
Net cash used (provided) in financing activities	2,533,333	(3,161,326)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to electric plant, net	(5,015,934)	(5,553,503)
Additions to nuclear fuel	(1,609,979)	(684,240)
Additions to deferred refueling costs	(69,739)	(2,458,622)
Disposal (additions) to nonutility property	38,030	(37,001)
Proceeds of capacity sale	1,632,154	—
Decommissioning fund	(907,932)	(1,293,922)
Other investments	(2,365,739)	(947,145)
Net cash used in investing activities	(8,299,139)	(10,974,433)
Net increase (decrease) in cash and cash equivalents	5,177,713	(4,733,231)
CASH AND CASH EQUIVALENTS AT:		
Beginning of year	4,330,506	9,063,737
End of year	$ 9,508,219	$ 4,330,506

The accompanying notes to financial statements are an integral part of these statements.

Energy in Action

Statements of Deferred Patronage Dividends and Other Equities

For the Years Ended December 31, 1991 and 1990 (Note 3)

	1991	1990
DEFERRED PATRONAGE DIVIDENDS:		
Balance assigned beginning of year	$ 5,617,255	$ 5,367,255
Net margin	989,049	1,127,487
Lease revenue deferred patronage dividends	15,150	15,850
	6,621,454	6,510,592
Patronage dividends paid	(250,000)	(250,000)
Appropriation of margin -		
Reserve for contingent losses	(254,199)	(393,337)
Statutory surplus	(250,000)	(250,000)
Balance assigned end of year	$ 5,867,255	$ 5,617,255

OTHER EQUITIES:
(Appropriated Margins)

	Statutory Surplus	Reserve for Contingent Losses	Total
Balance December 31, 1989	$ 1,849,484	$ 9,070,813	$ 10,920,297
Appropriation of margin	250,000	393,337	643,337
Balance December 31, 1990	2,099,484	9,464,150	11,563,634
Appropriation of margin	,250,000	254,199	504,199
Balance December 31, 1991	$ 2,349,484	$ 9,718,349	$ 12,067,833

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

December 31, 1991 and 1990

NOTE (1) ORGANIZATION:

Corn Belt Power Cooperative (the Cooperative) is a Rural Electrification Administration (REA) financed generation and transmission cooperative created and owned by twelve distribution cooperatives and one municipal cooperative association. Electricity supplied by the Cooperative serves farms, small towns and commercial and industrial businesses across 27 counties in north central Iowa.

The Cooperative's Board of Directors is comprised of one representative from each member cooperative and is responsible for establishing rates charged to the member cooperatives.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES:

The Cooperative maintains its accounting records in accordance with the Uniform System of Accounts as prescribed by the REA. The significant accounting policies are described below.

A. Electric Plant -

Electric plant is stated at original cost which includes certain pension costs, sales and use taxes, payroll taxes, property taxes and interest during the period of construction.

Costs in connection with repairs of properties and replacement of items less than a unit of property are charged to maintenance expense. Additions to and replacements of units of property are charged to electric plant accounts.

B. Depreciation and Decommissioning -

Depreciation is provided using straight-line methods and REA prescribed lives. These provisions, excluding nuclear facilities, were equivalent to a composite depreciation rate on gross plant of 2.97% and 2.88% for 1991 and 1990, respectively.

Under a joint-ownership agreement, the Cooperative has a 10% undivided interest in the Duane Arnold Energy Center (DAEC), a nuclear-fueled generating station, which was placed in service in 1974. The Cooperative is depreciating its interest in the DAEC and each year's property additions subsequent to 1984 on a straight-line basis over the remaining term of the initial Nuclear Regulatory Commission license for DAEC (2014). The composite depreciation rate on gross plant for DAEC was 3.05% and 3.04% for 1991 and 1990, respectively.

A site-specific estimate of the decommissioning costs of DAEC was updated in 1989. This report estimated the Cooperative's share of the decommissioning costs of DAEC to be approximately $29,572,110 (in 1989 dollars). The Cooperative is providing for overall nuclear decommissioning costs using a funding method which assumes a 5% rate of inflation and 3% real rate of return. The method is designed to accumulate a decommissioning reserve sufficient to cover the Cooperative's share of decommissioning costs by the year 2014.

Decommissioning costs are included in depreciation and decommissioning expense in the Statements of Revenues and Expenses. Such costs were $545,718 and $472,630 for 1991 and 1990, respectively.

The total decommissioning funds accumulated at December 31, 1991 were $4,606,159, of which $2,174,103 has been placed in a fund legally restricted for use in decommissioning DAEC. The remaining $2,432,056, while not legally restricted, has been designated by the Cooperative for use in decommissioning DAEC. The interest component shown as other interest was $415,443 and $284,210 for 1991 and 1990 respectively.

C. Nuclear Fuel -

The cost of nuclear fuel is amortized to steam and other power generation expenses based on the quantity of heat produced for the generation of electric energy. Such amortization was $2,140,169 and $1,473,024 for 1991 and 1990, respectively.

D. Deferred Refueling Costs -

The Cooperative defers extraordinary operation and maintenance expenses incurred during refueling outages of DAEC. These costs are being amortized to expense based on the expected generation of the next fuel cycle which corresponds with the period the Cooperative is recovering these costs in its rates. Such amortization was $1,654,543 and $941,274 for 1991 and 1990, respectively.

Notes to Financial Statements

December 31, 1991 and 1990

E. Interest During Construction -

Interest during construction represents the cost of funds used for construction and nuclear fuel refinement. The average rate was 6.6% and 7.1% for 1991 and 1990, respectively, and is based on the Cooperative's levels and costs of financing.

F. Capital Lease -

The Cooperative has a long-term lease agreement with the City of Webster City (Webster City) under which Webster City has agreed to provide certain generation and transmission facilities to the Cooperative. In return, the Cooperative will pay a minimum charge which approximates the debt service on these facilities. The Cooperative has capitalized this lease and reflected it in electric plant and has reflected the related obligation as a capital lease obligation.

G. Income Taxes -

The Cooperative is exempt from federal and state income taxes under section 501(c) (12) of the Internal Revenue Code.

H. Statements of Cash Flows -

For purposes of reporting cash flows, the Cooperative considers temporary cash investments purchased with a maturity of three months or less to be cash equivalents as follows:

	1991	1990
General fund cash and temporary cash investments	$ 9,201,152	$ 4,107,841
Special construction fund cash and temporary cash investments	268,086	162,689
Working capital advances	38,981	59,976
	$ 9,508,219	$ 4,330,506

Cash paid for interest, net of interest capitalized, was $8,377,509 and $9,445,485 for 1991 and 1990, respectively.

I. Cash and Investments -

The Cooperative has cash and investments in the following:

	1991	1990
Obligations of the U.S. government and its agencies	$ 5,023,147	$ 1,324,766
Corporate Bonds	958,993	—
Common and preferred stock	1,021,849	74,095
National Rural Utilities Cooperative Finance Corporation commercial paper	8,465,960	1,200,000
Cash and CD's deposited with federally insured financial institutions	1,161,937	3,142,041
Funds held in trust invested primarily with Iowa Public Agency Investment Trust	4,946,031	8,126,063
Economic development investments	1,097,781	110,881
Other investments	137,830	140,620
	$22,813,528	$14,118,466

The above investments are included as follows in the accompanying balance sheets:

Decommissioning fund	$ 4,606,159	$ 3,698,227
Other investments and receivables	8,699,150	6,089,733
Cash and cash equivalents	9,508,219	4,330,506
	$22,813,528	$14,118,466

NOTE (3) DEFERRED PATRONAGE DIVIDENDS AND OTHER EQUITIES:

In accordance with the Iowa Code, the Board of Directors is required to allocate a portion of the current year's net margin to statutory surplus until the statutory surplus equals 30% of total equity. No additions can be made to statutory surplus whenever it exceeds 50% of total equity. The Board of Directors appropriated $250,000 of the 1991 net margin to statutory surplus.

The equity designated, "Reserve for contingent losses" in the Statements of Deferred Patronage Dividends and Other Equities is an appropriation of equity by the Board of Directors. The Board of Directors appropriated $254,199 of the 1991 net margin to Reserve for contingent losses. There is no statutory restriction of this equity.

The Board of Directors is permitted by the Iowa Code to allocate the current year's net margin to deferred patronage dividends upon meeting certain requirements and is required to make such allocations if the net margin for the year exceeds specified maximums. The Board of Directors has appropriated $500,000 of the 1991 net margin to deferred patronage dividends. Deferred patronage dividends are to be paid in the future as determined by the Board of Directors.

Under the conditions of the Cooperative's mortgages, deferred patronage dividends cannot be retired without approval of the REA and the National Rural Utilities Cooperative Finance Corporation (CFC) unless the remaining equity meets certain tests. The Cooperative does not meet these tests at December 31, 1991. However, the Cooperative received permission and retired $250,000 of the 1977 patronage dividends during 1991.

NOTE (4) LONG-TERM DEBT:

Long-term debt consists of mortgage notes payable to the United States of America acting through the REA and the Federal Financing Bank (FFB), capital lease obligations, and notes issued in conjunction with the issuance of pollution control revenue bonds. Substantially all the assets and all rent, income, revenue and net margin of the Cooperative are pledged as collateral for the long-term debt of the Cooperative. Long-term debt is comprised of:

	1991	1990
Mortgage notes due in quarterly installments -		
REA 2%, due 1992-2008	$ 18,536,453	$ 19,993,893
REA 5%, due 1992-2019	28,772,947	29,479,494
FFB 7.3%-13.5%, due 1992-2019	74,172,187	68,866,983
	121,481,587	118,340,370
Capital lease obligations -		
Webster City Revenue Bonds		
4.7%-7.5%, due 1992-2002	7,298,714	4,680,678
Webster City Revenue Notes		
6.5% due 1991	—	2,865,920
	7,298,714	7,546,598
Pollution control revenue bonds -		
5%-6.25%, due serially		
1992-1997 and term due 2007	2,975,000	3,085,000
	$ 131,755,301	$ 128,971,968

Maturities of long-term debt for the next five years are as follows:

Year	Maturity
1992	$ 4,488,530
1993	4,575,377
1994	4,601,991
1995	4,729,785
1996	4,971,083

In connection with the mortgage notes, the Cooperative had available at December 31, 1991, $3,882,000 from CFC to meet future borrowing needs. Currently, the Cooperative is awaiting final approval of loan documents for approximately $12,011,000 from the FFB to be used for qualifying construction projects. The Cooperative has approximately $521,000 of unreimbursed capital additions which it anticipates will be funded by the new FFB loan in 1992. The Cooperative had available at December 31, 1991, an unused $12,000,000 line of credit with CFC of which $1,000,000 is available only in the event of disaster at DAEC.

Energy in Action

Notes to Financial Statements

December 31, 1991 and 1990

NOTE (5) CONSTRUCTION COMMITMENTS:

Total construction expenditures for 1992, including expenditures for the jointly-owned units, are estimated to be $8,058,000 of which $414,000 is for the purchase of nuclear fuel at DAEC.

In 1991, a severe ice storm resulted in an estimated $704,217 of damage to the Cooperative's system. Of this amount, $45,902 was expensed for maintenance and $658,315 was capitalized. The Cooperative estimates an additional $145,783 being incurred in 1992 to complete the cleanup.

NOTE (6) JOINT PLANT OWNERSHIP:

Under joint-ownership agreements with other Iowa utilities, the Cooperative had undivided interests at December 31, 1991 in three electric generating units as shown below:

	Neal Unit #4	Council Bluffs Unit #3	Duane Arnold Energy Center
Total electric plant	$44,198,608	$13,440,413	$61,573,715
Accumulated depreciation	$17,160,474	$ 5,315,065	$19,516,330
Unit accredited capacity - MW	610	674	540
Cooperative's share-percent	11.30%	3.8%	10.0%
Capital cost per KW	$ 641	$ 525	$ 1,140

The dollar amounts shown above represent the Cooperative's share in each jointly-owned unit. Each participant provided its own financing for its share of the unit. The Cooperative's share of direct expenses of the jointly-owned units is included in the operating and maintenance expenses on the Statements of Revenues and Expenses.

During 1991, the Cooperative, one of its members, North Iowa Municipal Electric Cooperative Association (NIMECA), and the City of Grundy Center (the City), a NIMECA member, entered into a long-term lease agreement for the use by the City of two megawatts of the Cooperative's capacity in the Neal #4 generation facilities. The agreement resulted in the Cooperative recording a sale of approximately $985,640 of electric plant net of accumulated depreciation and recognizing a gain of approximately $646,514. The Cooperative will continue to act as the Neal #4 partner on behalf of the City. The agreement has been accounted for as a sale. The above plant statistics have been reduced to reflect the sale.

NOTE (7) PENSION PLAN:

The Cooperative has a deposit administration defined benefit plan which covers substantially all employees. The plan is funded jointly by contributions from the Cooperative and all participants. Assets are held on deposit by an insurance company in its general account.

Benefits paid to retired employees are equal to 2-1/4% of the average monthly earnings multiplied by the years of service since January 1, 1973.

The Cooperative has recorded pension expense equal to its funding contribution in its Statements of Revenues and Expenses consistent with the rate treatment allowed this cost.

Net periodic pension cost for the years ended 1991 and 1990 includes the following components:

	1991	1990
Service cost-benefits earned during the period	$ 355,298	$ 332,221
Interest cost on projected benefit obligation	373,575	341,753
Reduction in pension cost from actual return on assets	(541,808)	(383,283)
Net amortization and deferral	189,617	25,467
Net periodic pension cost - employees	(113,005)	(94,847)
Net periodic pension cost - employer	263,677	221,311
Change in expenses due to rate regulation	(263,677)	(221,311)
Total pension cost	$ —	$ —

	1991	1990
Assumptions used were:		
Discount rate	6.50%	6.31%
Rate of increase in compensation levels	5.50%	6.00%
Expected long-term rate of return on assets	8.00%	8.00%

The following table presents the plan's funding status and amounts recognized in the Cooperative's balance sheets as of December 31, 1991 and 1990:

	1991	1990
Actuarial present value of benefit obligations:		
Vested benefit obligation	$3,668,338	$3,756,293
Nonvested benefit obligation	241,374	266,791
Accumulated benefit obligation	3,909,712	4,023,084
Provision for future pay increases	1,755,787	1,724,220
Projected benefit obligation	5,665,499	5,747,304
Plan assets at fair value	4,744,703	4,926,499
Projected benefit obligation greater than plan assets	(920,796)	(820,805)
Unrecognized net loss	84,865	189,304
Unrecognized prior service cost	25,030	(27,432)
Unrecognized net transition obligation	635	755
Accrued pension cost recognized in the balance sheets	$ (979,996)	$ (603,314)

The Cooperative does not anticipate making a funding contribution in 1992.

The Cooperative also provides a 401(k) plan which is available to all employees with the Cooperative matching 50% of the employees' contribution up to 4% of the employees' wages.

In addition, the Cooperative provides certain health and life insurance benefits to active employees. Retired employees may continue medical insurance coverage at their own cost.

NOTE (8) LAND HELD FOR FUTURE GENERATING SITE:

The Cooperative is a participant in Allied Power Cooperative of Iowa (Allied). Allied was organized for the purpose of building a generation plant and related transmission facilities to provide for the future power needs of its member cooperatives. During 1980, Allied determined that the estimated future power needs of its member cooperatives had declined and that the continued development of its plant site was not feasible. It is contemplated that the plant site will be developed in the future as the needs for power increase.

NOTE (9) LIABILITY FOR SPENT NUCLEAR FUEL DISPOSAL COSTS:

The Nuclear Waste Disposal Act of 1982 gave approval to the federal government to construct a repository for the nation's civilian spent nuclear fuel. The Act stated that funding for this repository would be provided by assessing nuclear generating unit owners a one-time fee for spent nuclear fuel being stored on-site at each nuclear facility in April 1983, and by assessing all future energy generated by nuclear facilities at a rate of 1.0 mil per kilowatt hour. The Cooperative is paying the post-1983 fees on a current basis and such fees are being charged to steam and other power generation expenses. The Cooperative has previously paid the one-time fee and is amortizing it to expense over a thirteen year period ending in 1998 which corresponds with the period the Cooperative is recovering these costs in its rates. In both 1991 and 1990, $160,176 was amortized to steam and other power generation expenses.

NOTE (10) NIMECA COMBINED TRANSMISSION SYSTEM:

In 1989, the Cooperative and one of its members, NIMECA, entered into a joint transmission agreement which allows several members of NIMECA an individual undivided ownership interest in and access to the Cooperative's transmission system. Corn Belt has a receivable of $4,595,000 from a trust established by NIMECA for ultimate payment to Corn Belt. These funds can only be used to fund REA approved transmission projects. The Cooperative will continue to operate and maintain the system. NIMECA members will reimburse the Cooperative for the proportionate share of operating expenses of the system and will contribute proportionately for all future capital additions of the system. The reimbursement of the 1991 and 1990 operating expenses were $479,135 and $459,373 respectively, and were recorded as operating revenues. Additionally, the Cooperative and NIMECA entered into a capacity sharing agreement which provides for the sharing of generating resources for the next twenty years.

Notes to Financial Statements

December 31, 1991 and 1990

NOTE (11) CLEAN AIR ACT:

The Clean Air Act (Act) was amended on November 15, 1990. The amendment made significant changes in the nation's clean air laws. The Act's specific amendments to acid deposition control (acid rain) make significant reductions in the amounts of sulfur dioxide and nitrous oxide emissions allowed on an annual basis nationwide. The Cooperative's coal-fired generating stations are in compliance with the standards established by phase I of the Act and management is evaluating the provisions and compliance requirements of phase II which will be effective in the year 2000.

NOTE (12) NUCLEAR INSURANCE PROGRAM:

The Cooperative, under the provisions of the Price-Anderson Amendments Act of 1988 (the 1988 Act), has the benefit of $7.4 billion of public liability coverage. The coverage consists of $200,000,000 of insurance and $7.2 billion of potential retroactive assessments from the owners of each commercial nuclear power plant. Under the 1988 Act for losses relating to nuclear accidents in excess of $200,000,000 each nuclear reactor may be assessed a maximum of $63,000,000 per nuclear incident, payable in annual installments of not more than $10,000,000. The Cooperative's assessment on its 10% ownership in DAEC may be up to $6,300,000 per nuclear incident with a maximum of $1,000,000 per year. In addition, an additional surcharge, of up to 5% of the retroactive assessment, may be payable if the public liability claims and legal costs arising from a nuclear incident at a commercial nuclear power plant exceed the Price-Anderson financial protection.

In addition, the Cooperative could be assessed $643,000 and $143,000 related to coverages for excess property damage and replacement power, respectively, if the insurer's losses relating to an accident exceeds its reserves. No such assessments have been made.