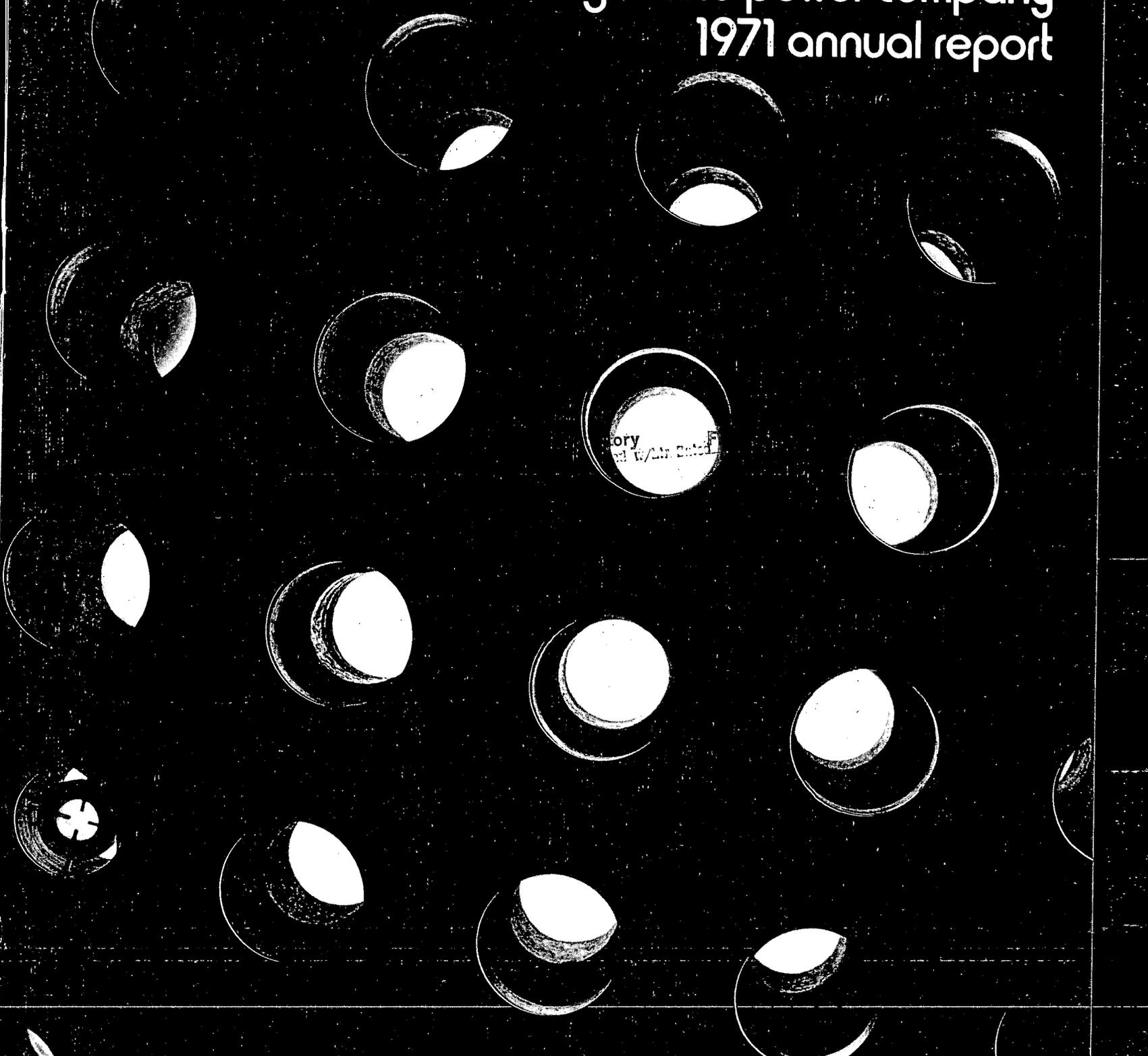


1971 annual report





*She*  
WORLD

...ating significant con  
...understanding of atomic en  
...upon  
**ELECTRIC  
POWER**

Iowa Electric received the fifth annual Forum Award, represented by this cast bronze plaque, for its public information program in the nuclear community category from the Atomic Industrial Forum at the annual meeting in Bal Harbour, Florida, October 19th. Chairman of the Board and President Duane Arnold accepted the award for ie:.

Just after receiving the Forum Award Mr. Arnold talks with Howard Winterson, left, President of the Atomic Industrial Forum, and Dr. Glenn Seaborg, right, former Chairman of the Atomic Energy Commission.

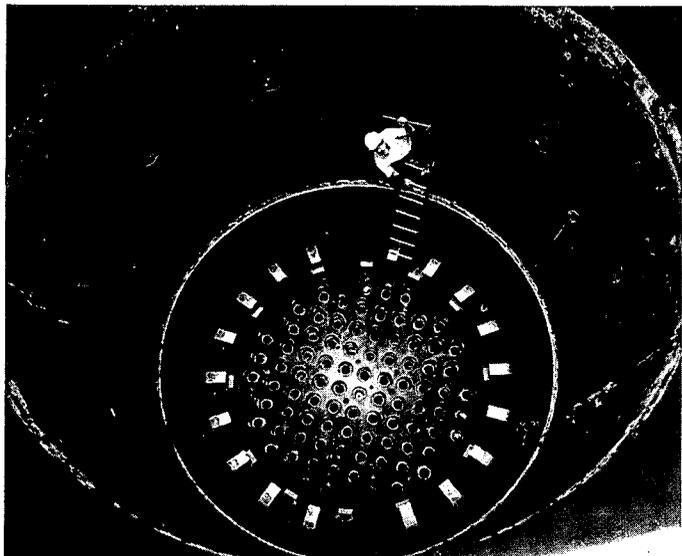


### **HOWARD HALL**

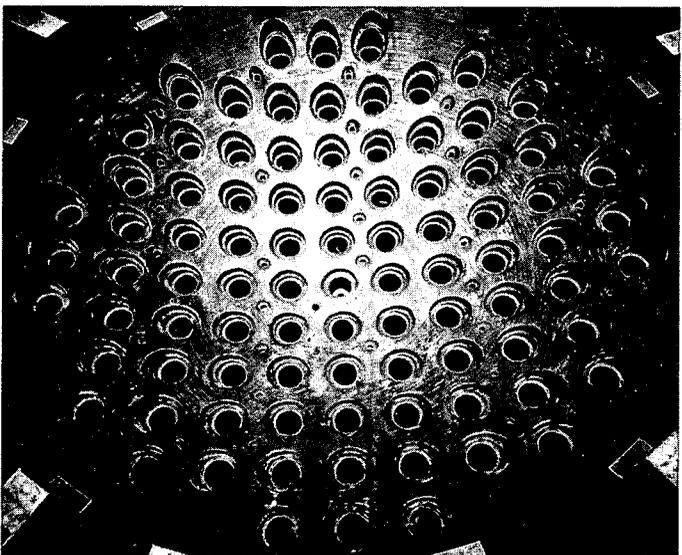
Howard Hall, a leading industrialist and philanthropist of Cedar Rapids, who served on the company's Board of Directors for over sixteen years, died May 16, 1971. His business ability, judgment, and wisdom, accumulated through his extensive business interests and humanitarian activities, on both a local and national level, brought to the company's Board of Directors invaluable business advice and direction. His guidance and counsel in the affairs of the company were always in the best interests of the company's stockholders and its many customers.

## about the cover

The cover is a photograph of the rounded bottom end of the reactor pressure vessel at the Duane Arnold Energy Center, taken June 9, 1971. The openings are for the later insertion of control rod drives and in-core monitoring instruments.



This photograph was taken from the top of the reactor vessel. The man shown has access to the inside through the 22-inch pipe opening. This pipe will later join the reactor vessel to a reactor recirculation pump.



The above photograph is of the inside of the same bottom end of the reactor pressure vessel, showing the openings for control rod drives and monitoring instruments.

## annual meeting

The Annual Meeting of the shareholders will be held at 2:00 p.m., Central Daylight Time, on Tuesday, May 16, 1972, at the General Office of the Company in Cedar Rapids, Iowa. A proxy statement and proxy with respect to this meeting will be mailed on or before April 14, 1972. All shareholders are cordially invited to attend. However, those who are unable to attend in person are urged to sign and return a proxy.

Iowa Electric Light and Power Company  
P.O. Box 351  
Cedar Rapids, Iowa 52406

## contents

Page	
5	Letter to Shareholders
7	Results of Operations
7	Finance
9	Marketing and Rates
9	Engineering and Construction
10	People: Our Greatest Resource
12	Financial Review
15-19	Financial Statements
20	Officers and Board of Directors
	System Map Inside Back Cover

## earnings highlights

	1971	1970
Earnings per Common Share	\$ 1.65	\$ 1.79
	(in thousands)	
Revenues . . . . .	\$87,608	\$81,313
Expenses and Taxes . . . . .	75,518	69,543
Operating Income . . . . .	12,090	11,770
Other Income Less Deductions	2,950	1,290
Interest . . . . .	6,872	5,824
Net Income . . . . .	8,168	7,236



# Dear Shareholders...

In our 1969-1970 reports to you of your company's performance, we predicted that the decade of the 70's would encompass an increase in complexities and problems to such a degree that there would be no "benchmarks of evaluation of performance" to relate to in any of our 89 years of operation. In today's accelerating economic environment — with its multiplicity of regulations — with its social evolution — it is impossible to use any "rules of thumb" in evaluating efficiency of operation.

Historically, it is unbelievable to us that our net income can increase 13%, as it did in 1971, yet result in a decrease in earnings per share of 7.8%. Traumatic as it may be, it must be remembered we have expanded our operations for 20 years without using "equity financing." That leverage privilege ended for ie: during 1971, as it did for the utility industry in general.

This revision in financing method resulted in an increase in our preferred dividend payout of 100% in one year. It is more important that you know how very appreciative we are that 87% of you owners exercised your rights to purchase additional shares during the "rights offering." By your actions, you endorsed ie:'s program to "lead the way in building a better Iowa" for the future.

While we are all weary of inflation, it is not over yet. Boiler fuel is one of our largest expense items, and increasing costs are the order of the day. Just think, during the entire decade of the 60's coal costs increased but 14%; however, during the first two years of the 70's they have increased over 36%. To meet our customer responsibility, we must operate less efficient generating units for extended periods of time, which means generating economies will not improve until the nuclear generation becomes commercially available.

We were forced to abandon our historical practice of frequent rate reductions during 1971 and request an increase in electric rates. Because these new rates cover our 1970 costs and we experienced almost an additional year's delay between development and effecting the rate increase because of regulatory procedures, it is reasonable to assume we will be filing additional rate increase requests in the near future.

It must be emphasized that rate increases alone are not the answer. They cannot overcome today's rapid escalation of costs. To meet today's cost problems, we must continue to "accelerate our rate of growth." You, as well as your ie: team, must resist any attempt to limit the use of our services.

Our Gas Department experience of 1971 illustrates this problem. It was the first full year of a rate increase, coupled with an automatic "wholesale cost escalation clause" — but because of lack of supply, we sold less. This resulted in a narrower profit margin — and a loss to you of 3¢ per share.

While rate increases are a severe test of our public image, we received less than 100 written complaints in response to individual notices of the electric rate increase to our 171,000 customers. We are constantly updating and improving our efforts in public relations activities, as we have for 89 years. The Atomic Industrial Forum honored us with its top

national award for "community information programs" during 1971. Excellent public relations is a "way of life" for all employees — but our survival depends on its successful execution.

These public relations efforts have aided in minimizing opposition to the completion of our nuclear generating station, which required most of the \$54,000,000 we spent on physical plant in 1971. Obviously, this project accounts for most of the planned 1972 expenditures. These are two of the heaviest expenditure years of the six-year \$238,000,000 expansion program that ends in 1974. Construction costs are high, as are financing costs — both exceed any "historical benchmarks."

The nuclear generation economic benefits are of such magnitude that the present effort is more than justified. Our coal costs for 1971 were about 47¢ per million BTU. Since our new contracts require payment of 52¢ per million BTU for coal during 1972, we see no alternative to help improve our generating efficiencies other than nuclear generation. We have signed all our nuclear fuel contracts, other than enrichment, and can project a fuel cost of around 18¢ per million BTU for nuclear fuel. This will obviously place your company in the most efficient and economically competitive position possible for keeping in pace with the future.

We have always assured you of a "company in pace with the future," and as such we have successfully met the diverse attacks on business in general. "Consumerism" is inherent in our business through our franchise elections. Characteristically, we have preceded environmental concerns with leadership actions such as cooling towers — clean nuclear energy — safety-inspired streetlight systems — underground electric service — full utility service to our communities; in short, a company that the public can use as an example of corporate concern and foresight.

The nuclear project challenge, as well as a multitude of complexities such as additional federal agencies (EPA, DOT) imposing new and duplicating regulations on us — a heavy financing program — securing rate increases in a "consumer world" — leading the environmentalists — have required not only the total involvement of every ie: employee but also the accelerated development of new expertise — new disciplines and the perfection of the old skills. They give unstintingly of their time to assure the success and perpetuation of your company. The vitality of your company is all made possible because we serve the most viable, fastest growing area in the State of Iowa. Our 1971 report contains a pictorial review of this area and its great people.

We are looking forward to a more in-depth discussion of the 1971 activities with you at the annual meeting. Please come. The date of the annual meeting has been changed to May 16 to permit a discussion of the results of the first part of the 1972 financing and future plans.

Hope you enjoy the report. It is complex — but so is the future.

Cordially,

*Quane Arnold*  
Chairman of the Board and President



PCU

1000

1117-532

RX

10,000

100

IR COMPANY

RV

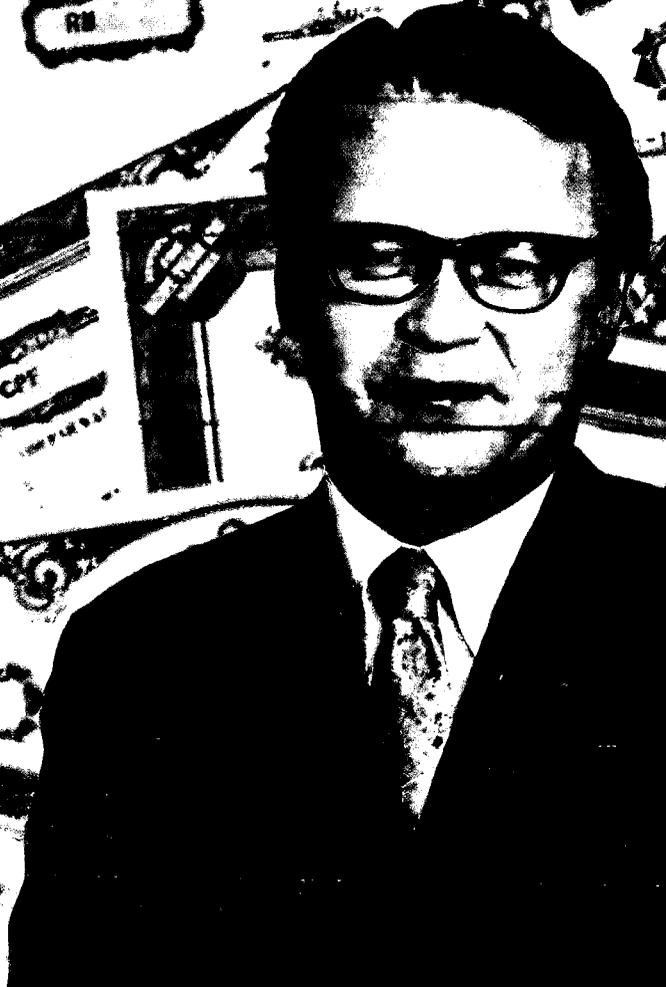
IOWA ELECTRIC

IOWA ELECTRIC LIGHT AND POWER COMPANY  
MORTGAGE BOND SERIES J & K

A2802

RM

ANY



# Results of Operations

The company's net income for 1971 increased 13% to \$8,168,365. Earnings per common share decreased from \$1.79 in 1970 to \$1.65 for the current year, due to significantly higher preferred and preference dividend requirements and to the increased number of common shares outstanding.

The contributions of the Electric and Gas departments to revenues and operating income before income taxes are shown in the following tabulation:

	REVENUES (thousands)	
	1971	1970
Electric	\$55,055	\$51,410
Gas	30,985	28,419
OPERATING INCOME BEFORE INCOME TAXES		
Electric	\$13,306	\$14,583
Gas	3,750	3,202

Electric sales to ultimate consumers dropped below the compound rate of growth experienced for the past decade. Nevertheless, electric revenues increased 7.1% to \$55,054,571. A contributing factor was the extension of the company's fuel clause adjustment to virtually all retail rates in late 1970, which permits the company to recover the increased costs of fuel over a period of time. In addition, the electric rate increase which was placed in effect under bond subject to refund in late November, 1971, produced additional revenues of approximately \$330,000.

Gas sales, for the first time in recent years, were down from the preceding year. While our available gas supply was sufficient to meet the needs of residential customers and the firm demands of commercial and industrial customers, a cutback was necessary for certain large-volume interruptible users. In addition, a decrease in "heating degree days" from the prior year held the overall increase in residential and commercial space heating sales to 1% over the previous year.

The decrease in electric utility operating income before income taxes is largely due to increased operating costs, principally fuel for generation and power purchased. Coal costs increased 22% over the previous year due to a variety of factors. Inadequate deliveries resulting from problems at the mines aggravated by freight car shortages required purchases from more expensive sources. While ultimately recoverable from customers through the fuel clause adjustment, such costs must stabilize in order to effect full recovery.

After reflecting the reduction in income taxes due to lower taxable income, operating income rose approximately 3%. The Allowance for Funds Used During Construction increased over \$1,500,000, reflecting capital costs associated with the large amount of monies invested to date in the nuclear generating station and other construction in progress.

It is difficult to predict what effect, if any, the actions of the various price and wage boards established by the President's economic stabilization program will have on future operating results. The company is hopeful that actions regarding rates allowed by the various regulatory bodies will permit them to give full consideration to the lag between the incidence of higher costs and recovery through increased rates inherent in present utility rate making.

J. B. Rehnstrom  
Treasurer

## Finance

In 1971, the third year of its major construction program, the company offered 710,000 shares of common stock, \$2.50 par value, on a subscription basis to its common stockholders. Approximately 87% of the common shares were subscribed by the stockholders. The remaining shares were sold on the open market by standby underwriters. Concurrently, an additional 100,000 shares of 8.92% preference stock, par value \$100, were sold at competitive bidding. After this financing, the capitalization ratios of the company were: common equity 33%, preferred equity 15%, long-term debt 52%.

As a part of its ongoing financing program, the company has lines of credit with three Chicago banks and two Cedar Rapids banks which aggregated \$38,500,000 at December 31, 1971. These lines of credit are used for interim financing, and at December 31, 1971, the company had outstanding \$27,100,000 in bank loans maturing within one year. The use of bank lines to the extent feasible will be continued in 1972.

The company has a registration statement on file with the Securities and Exchange Commission covering the offering of \$30,000,000 First Mortgage Bonds, Series M, for sale to the public at competitive bidding. Of the proceeds from the sale of the bonds, approximately \$10,740,000 will be used to redeem the presently-outstanding 6 $\frac{3}{8}$ % Sinking Fund Debentures, and the balance will be used to reduce bank loans.

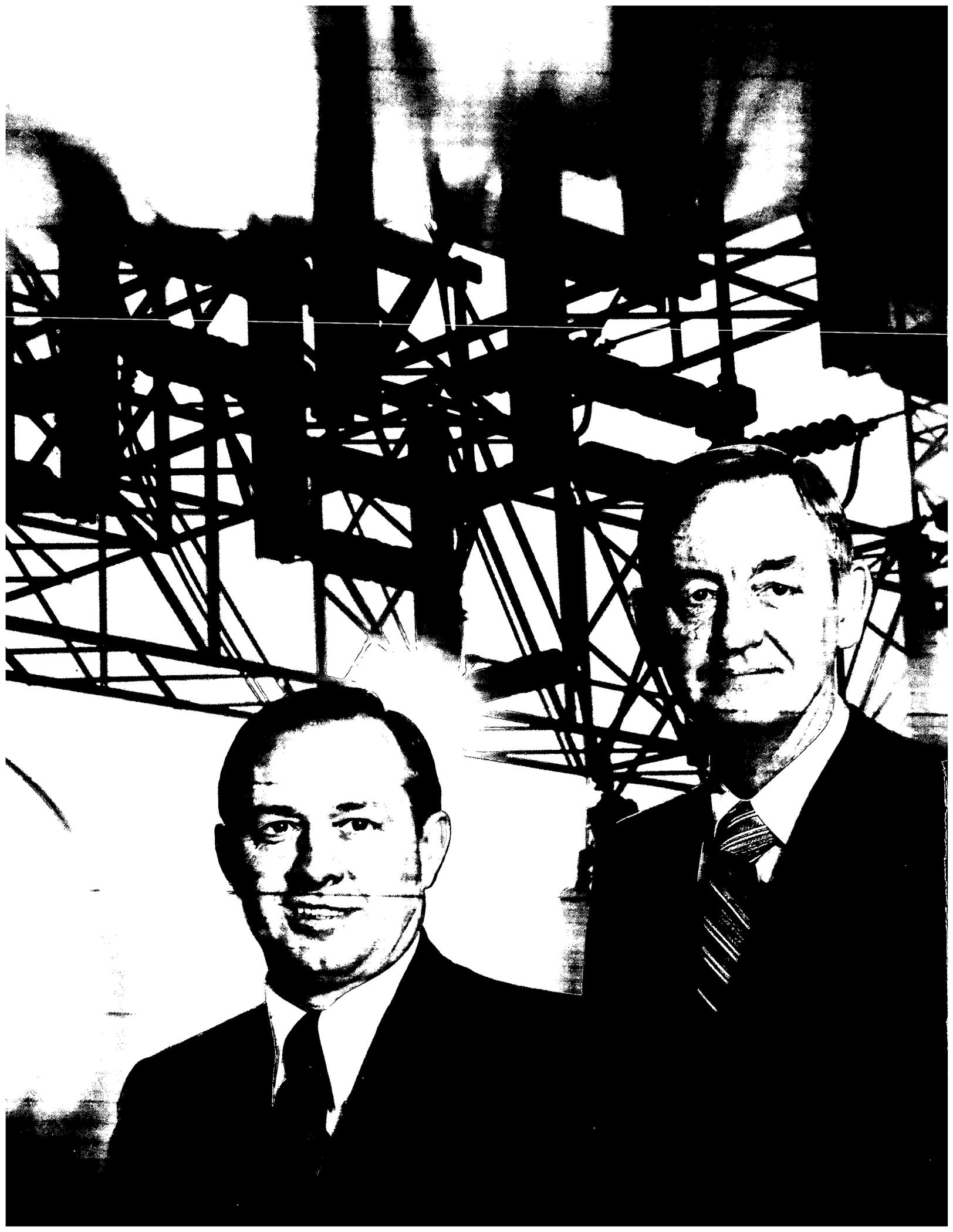
The 6 $\frac{3}{8}$ % Sinking Fund Debentures are being redeemed because the indenture under which they were issued contains provisions with respect to the method of computing the interest coverage requirement for the issuance of additional debt securities, which restrict the ability of the company to meet its present and continuing needs for additional debt financing. The lack of flexibility necessary to complete the financing of the major construction program made it imperative to remove these restrictions.

With construction expenditures for 1972 estimated at \$61,600,000, it is anticipated that additional securities will be issued during 1972. The amounts and kinds of securities to be issued later in the year 1972 will depend upon the needs of the company and the market conditions. It is anticipated that the issuance of additional equity securities will be necessary to maintain what the company considers to be a proper capitalization ratio.

As indicated elsewhere in this report, additional carrying charges resulting from the sales of securities to provide funds for the major six-year construction plan of the company have had an impact on the earnings for common stock. It may be expected that the yield from the electric rate increase will permit recovery of a portion of that erosion.

In anticipating the financing of the remainder of the construction program for 1973 and 1974, the company is relying upon a continuation of normal business conditions prevailing within its territory and the continued favorable reception of the company's securities by the investment public.

M. G. Hardesty  
Vice President-Finance



## Marketing and Rates

Our marketing emphasis has been redirected to enable the company to sustain its accelerated rate of growth and remain consistent with the changes in the nature of its business. The thrust of the promotional effort has been dedicated to the stimulation of markets which primarily utilize our utility plant during the winter and nighttime hours, or which make the greatest possible use of any daytime summer demand requirement. This effort should improve the company's load factor, thereby increasing efficiency to help keep the customer's cost of energy low.

Concentration on the electric heating, lighting, and water heating markets contributed substantially to the 6% increase this year in the residential and commercial kilowatt-hour sales. Particularly gratifying was a 220% increase in electric heating loads added during the year, even though economic conditions kept new housing starts to a minimum. Employee participation, customer awareness, and environmental integrity shall continue to be the theme of our marketing programs.

The availability of natural gas supply decreased during the year, requiring some curtailment of interruptible industrial sales. This reduction in sales caused a reduction in anticipated earnings from our previous year's rate increase. The company, because of the shortage of natural gas, is not sponsoring any natural gas promotions, but was able to provide initial service to all new residential and small commercial customers throughout the year.

The company is fortunate to have as its service area a very viable area. To keep it so, our area development activities have been directed to helping the communities help themselves and to providing coordination of information needed by the community.

During the year 1971 we completed the revision of our much-amended 1946 contract with Central Iowa Power Cooperative. Under the new 45-year agreement, we will actually operate our facilities and theirs as if they were a single system, which is a unique relationship in the utility industry.

Substantial amounts of power were purchased from other utilities during the year to meet our load responsibilities. Such purchases will necessarily increase until the nuclear station is available. Supplying certain of our load requirements from outside sources naturally means increased cost, since it comes from the excess capacity of older, less efficient units.

Because of this and the impact of today's inflation, the company, in 1971, filed its first electric rate increase since 1952, and only the second in its history. It requested the Iowa State Commerce Commission to allow an increase in electric revenues of \$4,350,000 annually. After being suspended by the Commission, and after the expiration of the Presidential price freeze, the new rates were allowed to be placed into effect in late November, under bond and subject to possible refund after final approval by the Commission.

Our filing provided very little in the way of increased revenues for 1971. We are at the present time preparing a rate study to determine if another rate increase is necessary in order to re-establish a reasonable profit margin.

We believe that full use of our services is the only way our customers can improve their way of life while maintaining the integrity of the environment.

James M. Davidson  
Vice President

## Engineering and Construction

Iowa Electric's new nuclear generating project, known as DAEC No. 1, is now in its fifth year of intense activity, with the engineering nearly completed and the construction about 50% completed. Our schedule still calls for December, 1973, commercial operation, which is the shortest construction schedule period for any nuclear facility to date.

This plant has felt the full impact of the everchanging environmental requirements. During the past year the Calvert Cliffs Court Decision was rendered, holding that in issuing nuclear power plant licenses the Atomic Energy Commission had failed to consider environmental matters as required by the National Environmental Policy Act. This decision had a dramatic effect on the nuclear industry in that it called for a complete environmental review of many nuclear plants, including DAEC No. 1. Fortunately, our plant design had anticipated the challenges brought on by the court's decision and had already provided additional systems for environmental protection. The Atomic Energy Commission has ruled in favor of permitting our plant construction to continue, pending completion of its review. While the new and complex environmental additions are necessary, it should be emphasized that these improvements have added substantially to the cost of the plant.

This project required the development of new skills, techniques, and a high sophistication of technological expertise throughout the entire Engineering Department. In addition, the Production Department has been busy selecting the operating staff for the plant. They are now undergoing intensive training to develop the skills that will assure a successful licensing of the plant by the AEC. The cost of educating and training the staff is estimated at over \$2,000,000. Most of these men were recruited from our own employees. Others were hired who had previous nuclear operating experience.

To assure utilization of this capacity as soon as it is available, the transmission facilities required to integrate it with the existing system, as well as provide emergency backup, are presently being constructed. As with all our overhead construction projects, the problems of securing rights-of-way and designing to meet environmental criteria have extended the time required from design to construction to a 4-year period. Obviously this adds to the cost.

Another action planned to assure optimum utilization of the nuclear plant is to expand our system control center. This will permit very close coordination with our partners as well as the MAPP Coordinating Center. This effort is but another of the complexities that have evolved in our operation.

Construction required for the normal expansion and replacement of facilities to maintain reliable electric and gas service continues to require a substantial commitment of funds. Environmental considerations related to the removal of particulates at existing fossil plants will require the expenditure of over \$5,000,000 in the period 1972-1974.

In all of its construction activities the company efforts are directed toward assurance of the reliability and integrity of our service area while improving economies of operation — all with an awareness of our responsibilities to the environment.

Charles W. Sandford  
Vice President

**people:  
our greatest resource**

Iowa Electric Light and Power Company serves rich agricultural and industrial areas. But our richest resource is people.

Pictured on these pages are a few of the thousands of IEP customers whose reliance on electric and natural gas service makes the company's construction programs both necessary and possible.



Agneta Tucker, Senior Citizens Housing Unit, Bayard.



Bonnie Robinson, Fisher Controls Company, Marshalltown.



Ricky Walker, Quinn Machinery, Boone.



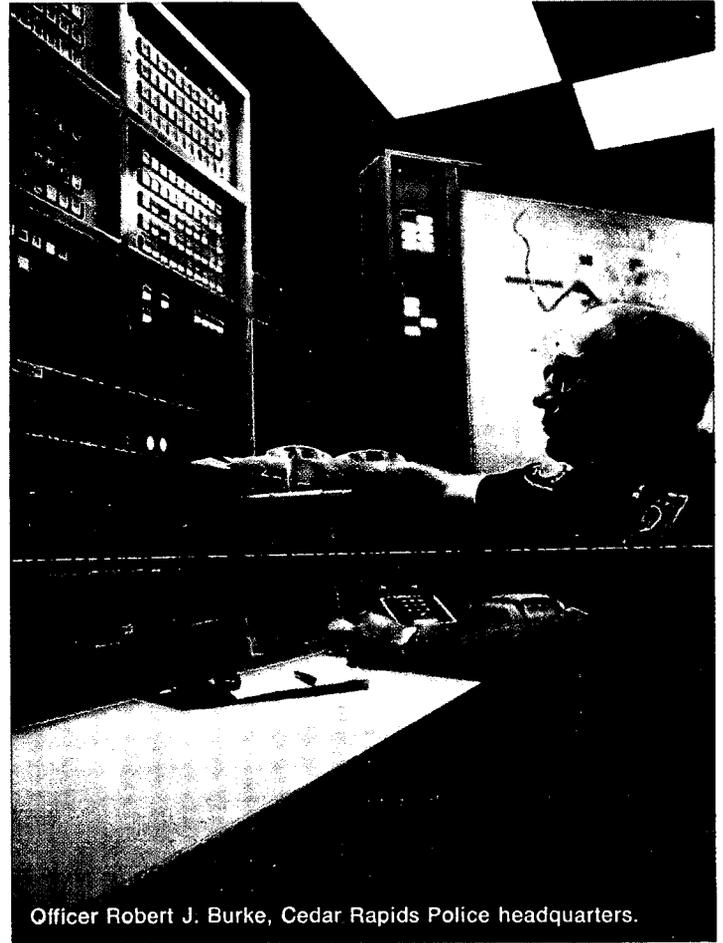
Elmer Lauterbach, Smitty's Big Town, Marshalltown.



Robert Ward and Marianne Michel, Bob's Flowers, Boone.



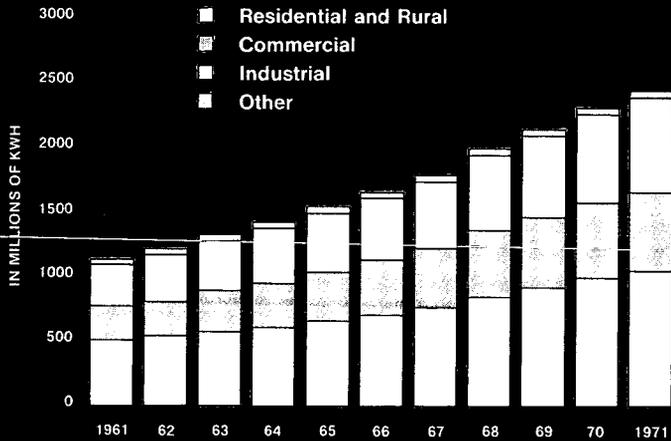
Julie and Jami Shoemaker, home rec. room, Marion.



Officer Robert J. Burke, Cedar Rapids Police headquarters.

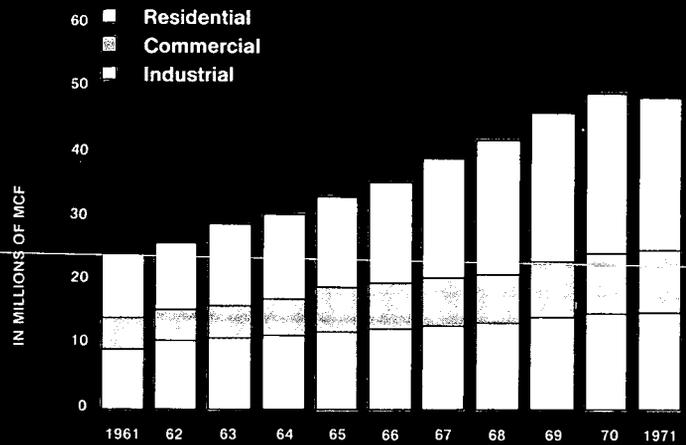
# financial

## ELECTRIC SALES (To Ultimate Consumers)



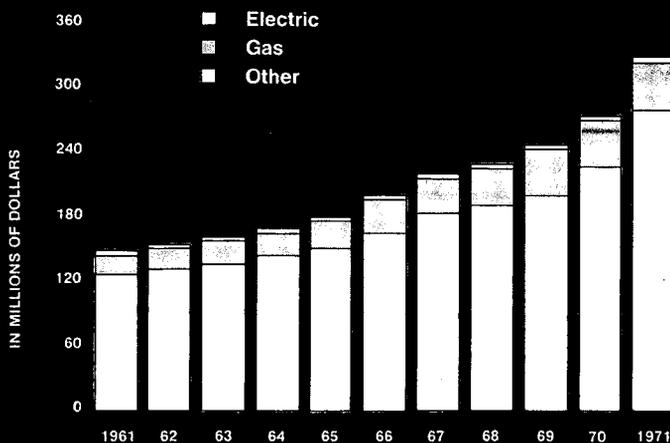
**ELECTRIC SALES TO ULTIMATE CONSUMERS** totalled 2,437,819,885 kilowatt-hours in 1971. This is an increase of 5% over 1970. Sales in all classes of service increased, with residential sales up 5%, commercial up 6% and industrial up 3%. Average annual uses by our residential customers increased 4%, to 7,132 kilowatt-hours in 1971. Electric revenues increased 7%, to a total of \$55,054,571.

## GAS SALES



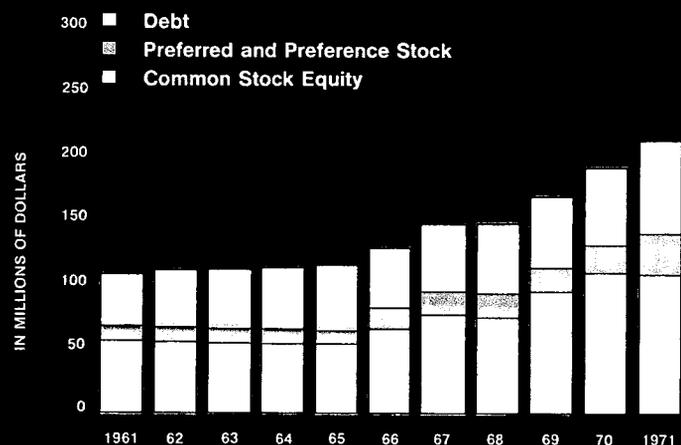
**GAS SALES** totalled 47,834,100 MCF in 1971. This is a decrease of 2% from 1970, reflecting the reduction in the amount of gas available from our pipeline suppliers. Because of this reduction in gas supply, sales to our interruptible customers dropped 5% from 1970. Residential sales increased 1% because of normal growth offset by a reduction due to generally milder weather in the heating season.

## INVESTMENT IN UTILITY PLANT



**INVESTMENT IN UTILITY PLANT** at December 31, 1971, was \$330,098,274. Construction expenditures for the year totalled \$53,976,837, including \$40,548,005 for the Duane Arnold Energy Center. Other electric construction in 1971 totalled \$11,003,319, and gas construction \$2,222,120. Construction of the Duane Arnold Energy Center was approximately 50% completed at the end of the year.

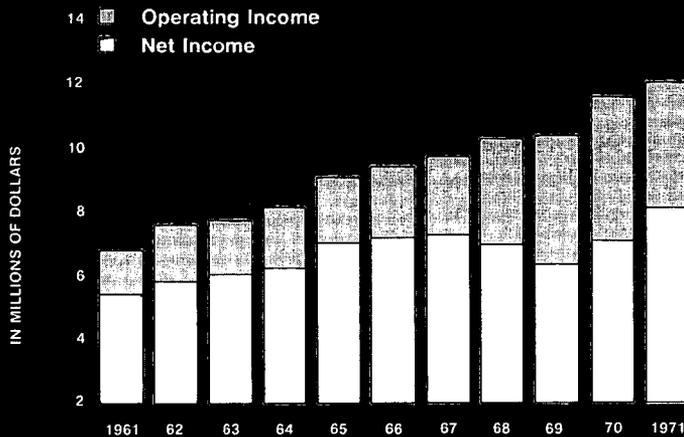
## CAPITALIZATION



**CAPITALIZATION** at December 31, 1971, totalled \$214,338,711. This consisted of \$110,437,000 of debt, \$33,320,300 of preferred and preference stock, and \$70,581,411 of common equity. On June 16, 1971, the company sold 100,000 shares of cumulative preference stock, par value \$100 per share, at a dividend rate of 8.92%. Also, in 1971 the company sold, through a subscription offering to common stockholders, 710,000 shares of common stock. The balance of funds for construction was provided through cash from operations and short-term borrowings from banks.

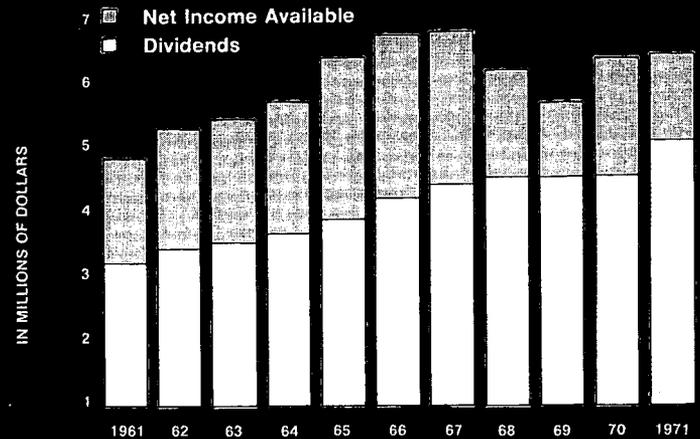
# review

## NET INCOME AND OPERATING INCOME



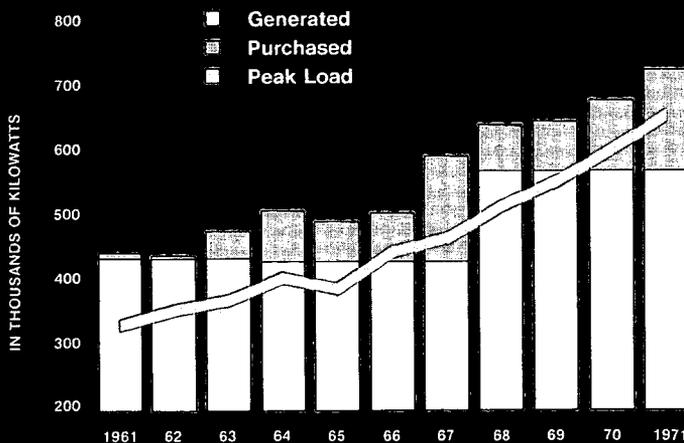
NET INCOME for 1971 was \$8,168,365, and operating income was \$12,090,052. This represents an increase of \$932,745 in net income, with a \$320,114 increase in operating income. Operating and maintenance expenses increased 15%, well ahead of the 8% increase in revenues. An offsetting decrease in income taxes resulted, however, in a slight increase in operating income of 3% over the previous year.

## EARNINGS FOR COMMON STOCK AND DIVIDENDS PAID ON COMMON STOCK



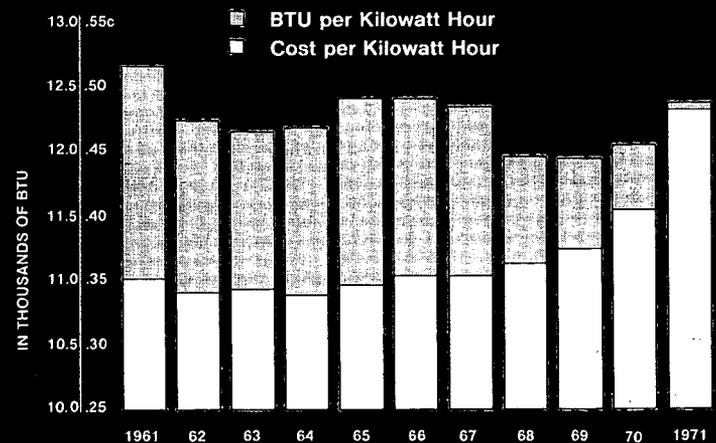
EARNINGS FOR COMMON STOCK were \$6,358,148 in 1971, and dividends paid on common stock totalled \$5,048,565. In spite of the increase in net income, the earnings available for common stock increased only \$53,721 from 1970, because of the increase of \$879,024 in preferred and preference dividend requirements. The rate of payment of common dividends continued at \$1.30 per share in 1971.

## GENERATING AND PURCHASED CAPACITY AND PEAK LOAD



THE GENERATING CAPACITY in 1971 was 575,171 kilowatts, and the purchased capacity was 157,000 kilowatts, for a total firm capacity of 732,171 kilowatts. This capacity satisfactorily carried our peak load of 661,083 kilowatts, which occurred on June 28 at 3:00 p.m. The 1971 peak load was 9% greater than the peak load of 1970. This growth in customer demand, which has more than doubled in the last 10 years, indicates the necessity of constructing large, economical generating units such as the DAEC.

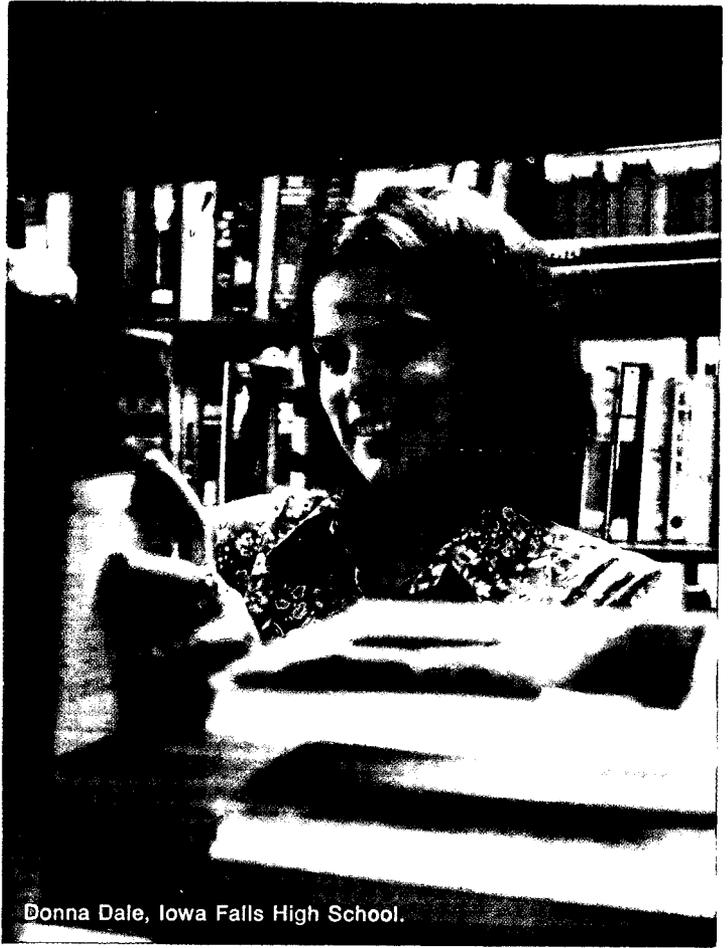
## FUEL COSTS AND GENERATING EFFICIENCY



FUEL COSTS in 1971 increased an average of 19% per kilowatt-hour generated, and the generating efficiency measured on a heat-rate basis was 12,305 BTU per kilowatt-hour. The total cost of fuel burned for generating electricity in 1971 increased \$2,231,321 over 1970, of which \$1,838,493 was due to price increases.



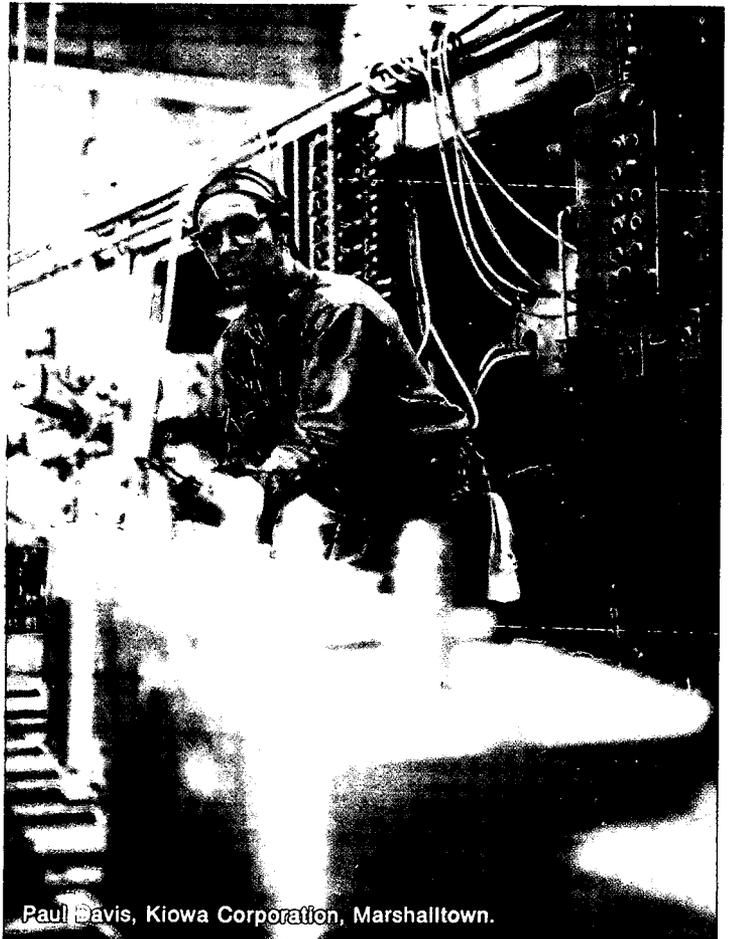
Johann Willers, home workshop, Marion.



Donna Dale, Iowa Falls High School.



Robert Ward and Marianne Michel, Bob's Flowers, Boone.



Paul Davis, Kiowa Corporation, Marshalltown.

# Statements of Income

Year Ended December 31

	1971	1970
<b>REVENUES:</b>		
Electric .....	\$55,054,571	\$51,410,449
Gas .....	30,985,122	28,418,891
Steam .....	1,568,457	1,483,321
	<u>87,608,150</u>	<u>81,312,661</u>
<b>EXPENSES:</b>		
Gas purchased for resale .....	21,191,168	19,217,426
Operation .....	29,679,285	25,088,901
Maintenance .....	4,768,219	4,128,561
Depreciation .....	7,677,000	7,343,600
Property taxes .....	6,923,000	7,259,600
Federal and state income taxes:		
Current .....	3,524,000	5,032,300
Deferred .....	1,381,100	1,291,600
Deferred in prior years (credit) .....	(253,200)	(217,500)
Investment credits deferred — net .....	123,100	(74,060)
Miscellaneous taxes .....	504,426	472,295
	<u>75,518,098</u>	<u>69,542,723</u>
<b>OPERATING INCOME</b> .....	12,090,052	11,769,938
<b>OTHER INCOME AND DEDUCTIONS:</b>		
Allowance for funds used during construction .....	2,613,427	955,066
Other (net) .....	336,148	334,421
	<u>2,949,575</u>	<u>1,289,487</u>
<b>INTEREST:</b>		
Long-term debt .....	6,430,805	5,304,048
Other debt .....	440,457	519,757
	<u>6,871,262</u>	<u>5,823,805</u>
<b>NET INCOME</b> .....	8,168,365	7,235,620
Preferred and preference dividend requirements .....	1,810,217	931,193
<b>NET INCOME AVAILABLE FOR COMMON STOCK</b> .....	<u>\$ 6,358,148</u>	<u>\$ 6,304,427</u>
<b>EARNINGS PER COMMON SHARE BASED ON AVERAGE NUMBER OF SHARES OUTSTANDING</b> .....	<u>\$1.65</u>	<u>\$1.79</u>
<b>AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<u>3,855,041</u>	<u>3,528,488</u>

## AUDITORS' REPORT

To the Board of Directors of  
Iowa Electric Light and Power Company:

We have examined the balance sheets and statements of capitalization of IOWA ELECTRIC LIGHT AND POWER COMPANY (an Iowa Corporation) as of December 31, 1971 and 1970, and the related statements of income, retained earnings, paid-in surplus, and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of Iowa Electric Light and Power Company as of December 31, 1971 and 1970, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Chicago, Illinois,  
January 28, 1972.

*Arthur Anderson & Co.*

# Balance Sheets

December 31, 1971 and 1970

Assets	1971	1970
<b>UTILITY PLANT, at original cost:</b>		
Electric .....	\$218,935,765	\$208,949,641
Gas .....	40,761,492	39,065,050
Other .....	5,692,625	5,377,829
	<u>265,389,882</u>	<u>253,392,520</u>
Less — Reserve for depreciation .....	81,221,692	75,289,718
	184,168,190	178,102,802
Construction work in progress .....	64,708,392	25,069,091
	<u>248,876,582</u>	<u>203,171,893</u>
<b>INVESTMENTS:</b>		
Wholly-owned subsidiaries at underlying book value —		
Cedar Rapids and Iowa City Railway Company —		
pledged under first mortgage bonds .....	3,109,715	2,978,726
Iowa Land and Building Company .....	1,618,069	1,288,796
Nonutility property, less reserve .....	69,888	112,579
	<u>4,797,672</u>	<u>4,380,101</u>
<b>CURRENT ASSETS:</b>		
Cash .....	5,998,815	3,465,351
Deposits for bond interest and dividends .....	3,034,516	2,475,321
Accounts receivable, less reserve .....	9,294,557	8,945,987
Materials, supplies and fuel, at average cost .....	8,011,477	6,657,986
Prepayments .....	412,070	353,980
	<u>26,751,435</u>	<u>21,898,625</u>
<b>DEFERRED CHARGES .....</b>	1,195,839	1,179,575
	<u>\$281,621,528</u>	<u>\$230,630,194</u>

Shareholders' Equity and Liabilities

SHAREHOLDERS' EQUITY:

	1971	1970
Preferred stock .....	\$ 18,320,300	\$ 18,320,300
Preference stock .....	15,000,000	5,000,000
Common stock .....	10,596,220	8,821,220
Paid-in surplus .....	26,816,417	16,685,136
Retained earnings .....	33,168,774	32,072,671
	<u>103,901,711</u>	<u>80,899,327</u>
LONG-TERM DEBT .....	110,437,000	111,179,000
Total capitalization (see statements) .....	<u>214,338,711</u>	<u>192,078,327</u>
NOTES PAYABLE, due within one year, at prime rates .....	<u>27,100,000</u>	<u>1,500,000</u>
CURRENT LIABILITIES, excluding Notes Payable:		
Sinking fund requirements .....	612,000	342,000
Accounts payable .....	5,422,603	5,091,410
Dividends payable .....	1,937,235	1,375,358
Accrued interest .....	2,199,637	1,943,684
Accrued taxes .....	8,044,934	8,485,174
Other .....	1,664,464	965,990
	<u>19,880,873</u>	<u>18,203,616</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION .....	3,094,040	2,891,347
ACCUMULATED DEFERRED INCOME TAXES .....	14,489,410	13,361,510
DEFERRED INVESTMENT TAX CREDITS, being amortized over the lives of related properties .....	2,718,494	2,595,394
	<u>\$281,621,528</u>	<u>\$230,630,194</u>

# Statements of Capitalization

December 31, 1971 and 1970

## SHAREHOLDERS' EQUITY:

	1971	1970
<b>Capital stock —</b>		
Preferred, cumulative — par value \$50 per share — authorized 466,406 shares —		
6.10% — outstanding 100,000 shares .....	\$ 5,000,000	\$ 5,000,000
4.80% — outstanding 146,406 shares .....	7,320,300	7,320,300
4.30% — outstanding 120,000 shares .....	6,000,000	6,000,000
Cumulative preference — par value \$100 per share — authorized 200,000 shares —		
8.65% — outstanding 50,000 shares .....	5,000,000	5,000,000
8.92% — outstanding 100,000 shares .....	10,000,000	-
Common, par value \$2.50 per share; authorized 6,000,000 shares; outstanding 4,238,488 shares and 3,528,488 shares, respectively .....	10,596,220	8,821,220
Paid-in surplus .....	26,816,417	16,685,136
Retained earnings .....	33,168,774	32,072,671
	<u>103,901,711</u>	<u>80,899,327</u>
<b>LONG-TERM DEBT:</b>		
First mortgage bonds —		
Series C, 3%, due 1976 .....	12,600,000	12,750,000
Series D, 2 $\frac{7}{8}$ %, due 1977 .....	2,520,000	2,550,000
Series E, 3 $\frac{1}{8}$ %, due 1976 .....	2,370,000	2,400,000
Series F, 3 $\frac{3}{8}$ %, due 1982 .....	4,450,000	4,500,000
Series G, 3 $\frac{5}{8}$ %, due 1978 .....	3,897,000	3,979,000
Series H, 3 $\frac{1}{8}$ %, due 1985 .....	9,000,000	9,000,000
Series I, 5 $\frac{1}{8}$ %, due 1991 .....	16,000,000	16,000,000
Series J, 6 $\frac{1}{4}$ %, due 1996 .....	15,000,000	15,000,000
Series K, 8 $\frac{5}{8}$ %, due 1999 .....	20,000,000	20,000,000
Series L, 7 $\frac{7}{8}$ %, due 2000 .....	15,000,000	15,000,000
Sinking fund debentures, 6 $\frac{3}{8}$ %, due 1992 .....	9,600,000	10,000,000
	<u>110,437,000</u>	<u>111,179,000</u>
<b>Total capitalization .....</b>	<u>\$214,338,711</u>	<u>\$192,078,327</u>

# Statements of Retained Earnings

Year Ended December 31

	1971	1970
Balance at beginning of period .....	\$32,072,671	\$30,386,976
<b>Add:</b>		
Net income for period .....	8,168,365	7,235,620
	<u>40,241,036</u>	<u>37,622,596</u>
<b>Deduct:</b>		
Cash dividends declared —		
Preferred stock .....	914,373	914,373
Preference stock .....	912,716	-
Common stock .....	5,048,565	4,587,059
Expenses in connection with authorization and sale of stock .....	196,608	48,493
	<u>7,072,262</u>	<u>5,549,925</u>
Balance at end of period .....	<u>\$33,168,774</u>	<u>\$32,072,671</u>

# Statements of Paid-in Surplus

	1971	1970
Balance at beginning of period .....	\$16,685,136	\$16,677,936
Add:		
Premium on sale of preference stock .....	13,000	7,200
Premium on sale of common stock .....	10,118,281	-
Balance at end of period .....	<u>\$26,816,417</u>	<u>\$16,685,136</u>

# Statements of Changes in Financial Position

**SOURCE:**

Common stockholders' reinvestment:

	1971	1970
Net income .....	\$ 8,168,365	\$ 7,235,620
Less cash dividends .....	(6,875,654)	(5,501,432)
	<u>1,292,711</u>	<u>1,734,188</u>
Depreciation, net of sinking fund requirements of \$742,000 and \$342,000, respectively .....	6,935,000	7,001,600
Deferred taxes and investment tax credits .....	1,251,000	1,000,040
Net proceeds from outside financing:		
First mortgage bonds .....	-	14,708,985
Preference stock .....	9,979,288	4,983,187
Common stock .....	11,730,385	-
Net change in notes payable .....	25,600,000	1,500,000
	<u>\$56,788,384</u>	<u>\$30,928,000</u>

**APPLICATION:**

Additions to utility plant .....	\$53,640,257	\$30,992,438
Change in current position and other:		
Cash and temporary cash investments .....	2,533,464	(1,168,709)
Accounts receivable .....	348,570	1,615,003
Materials, supplies and fuel .....	1,353,491	1,232,320
Accounts payable .....	(331,193)	(130,837)
Accrued taxes .....	440,240	(1,022,278)
Other .....	(1,196,445)	(589,937)
	<u>\$56,788,384</u>	<u>\$30,928,000</u>

## NOTES TO FINANCIAL STATEMENTS

**NET INCOME OF SUBSIDIARIES.** The net income from operations of the Company's wholly-owned subsidiaries, Iowa Land and Building Company and Cedar Rapids and Iowa City Railway Company is included in Other Income and Deductions in the Statements of Income.

**RETIREMENT PLAN.** The Company and its wholly-owned railway subsidiary have a Retirement Plan for the benefit of their employees. The total pension cost requirements of the Plan of \$947,000 and \$827,000 for the years 1971 and 1970 respectively, have been paid to the Trustee. Pension cost requirements include normal cost and interest on unfunded past service cost. Unfunded past service cost approximated \$721,000 at December 31, 1971.

**DEPRECIATION.** Depreciation is provided on a straight line basis at a composite rate of 3.2% on the cost of depreciable property.

**CONSTRUCTION COMMITMENTS.** The Company is constructing a nuclear fueled generating station which is anticipated to go in service in late 1973. The total constructed cost of this plant and related transmission facilities, 30% of which will be shared by two Iowa cooperatives, is estimated at approximately \$187,000,000.

The construction program for the year 1972 anticipates expenditures aggregating approximately \$61,600,000, of which \$45,600,000 is for the nuclear plant.

**ELECTRIC RATE INCREASE.** Electric revenues for the year ended December 31, 1971, include approximately \$330,000 resulting from revised electric rates placed in effect in late November, 1971. These rates, estimated to produce additional electric revenues of approximately \$4,350,000 on an annual basis, are being billed under bond subject to refund, pending final approval by the Iowa State Commerce Commission.

# Board of Directors

**ROBERT C. ARMSTRONG**  
Chairman of the Board  
Armstrongs, Inc.,  
Cedar Rapids, Iowa

**DUANE ARNOLD\***  
Chairman of the Board,  
Chief Executive Officer and  
President, Cedar Rapids, Iowa

**JAMES E. COQUILLETTE\***  
President  
The Merchants National Bank  
of Cedar Rapids  
Cedar Rapids, Iowa

**WILLIAM C. CRAWFORD\***  
Retired, formerly President  
King's Concrete Company,  
Cedar Rapids, Iowa

**M. G. HARDESTY\***  
Vice President-Finance  
Cedar Rapids, Iowa

**KENNETH H. JOSLIN**  
President  
Gruel-O-Matic Corporation,  
Minburn, Iowa

**JOHN W. NORRIS**  
Chairman of the Board (Retired)  
and Director  
Lennox Industries, Inc.,  
Marshalltown, Iowa

**DAVID Q. REED**  
Attorney,  
Kansas City, Missouri

**DR. JAMES A. VAN ALLEN**  
Professor of Physics and  
Head of Department of  
Physics and Astronomy  
University of Iowa, Iowa City,  
Iowa

\*Member Executive Committee

## Officers

**DUANE ARNOLD**  
Chairman of the Board, Chief  
Executive Officer and  
President

**M. G. HARDESTY**  
Vice President-Finance

**JAMES M. DAVIDSON**  
Vice President

**HILLIS M. GILL**  
Vice President

**DONALD A. MATHERN**  
Vice President

**CHARLES W. SANDFORD**  
Vice President

**STEVAN B. SMITH**  
Vice President and Secretary

**J. B. REHNSTROM**  
Treasurer and Assistant  
Secretary

## TRANSFER AGENTS

### Common Stock

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois

THE MERCHANTS NATIONAL  
BANK OF CEDAR RAPIDS  
Cedar Rapids, Iowa

FIRST NATIONAL CITY BANK  
New York, New York

### Preferred and Preference Stocks

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois

THE MERCHANTS NATIONAL  
BANK OF CEDAR RAPIDS  
Cedar Rapids, Iowa

## TRUSTEES

### Mortgage and Deed of Trust

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois

### Sinking Fund Debenture Indenture

THE NORTHERN TRUST  
COMPANY  
Chicago, Illinois

## REGISTRARS

### Preferred and Preference Stocks

THE NORTHERN TRUST  
COMPANY  
Chicago, Illinois  
PEOPLES BANK AND TRUST  
COMPANY  
Cedar Rapids, Iowa

## Common Stock

THE NORTHERN TRUST  
COMPANY

Chicago, Illinois

PEOPLES BANK AND TRUST  
COMPANY

Cedar Rapids, Iowa

IRVING TRUST COMPANY  
New York, New York

## GENERAL OFFICES

SECURITY BUILDING  
Cedar Rapids, Iowa 52406

The statements in this report are furnished solely for your information, and the facts and figures presented, while accepted by the management as reliable in the operations of the property, are not, however guaranteed by us against inaccuracy or omission of material fact and are not furnished by us nor to be used by you in any way which implies liability on our part or on the part of our officers and directors in connection with your dealings in the securities of this Company. The purpose of this paragraph is to protect you and this Company against any liability that may accrue under any State or Federal Securities Act.

iowa electric light and power company

# Financial Supplement 1971

## Contents

The Company	2
Statements of Income	3
Auditors' Report	3
Balance Sheets	4
Statements of Capitalization	6
Statements of Retained Earnings	6
Statements of Paid-in Surplus	7
Statements of Changes in Financial Position	7
Financial Summary 1961-1971	8
Electric Operating Comparison 1961-1971	10
Gas Operating Comparison 1961-1971	12
Board of Directors and Officers	14
Transfer Agents, Registrars and Trustees	14

# The Company

Iowa Electric Light and Power Company was originally incorporated on August 18, 1882, and adopted its present name in 1932. In the early 1950's, the Company acquired, through merger or purchase, the properties and facilities of three other utility companies — Central States Electric Company, Iowa Electric Company, and Northwestern Light and Power Company. General Offices of the Company are located in the Security Building, Cedar Rapids, Iowa.

Iowa Electric Light and Power Company sells electricity and gas to an area in central Iowa with a population in excess of 800,000 and an economy which, unique among agricultural areas, has an industrial production more than three times the value of agricultural production. In addition to being the location of one of the nation's major suppliers of radio, electronic, and sophisticated space exploration and investigation equipment, other industrial activities of the area include fabrication of earth-moving machinery; iron and steel products; office equipment; home heating equipment; and industrial control equipment. Extensive processing of agricultural products and the manufacture of equipment for agricultural processing are significant industries of this region.

The Company supplies electric service at retail to 171,318 customers in 391 communities in Iowa and at wholesale to 18 municipalities, two rural electric cooperatives, and one other private utility in Iowa. Net capability of the Company's generating facilities is 575,171 kilowatts. The Company is a member of the Iowa Power Pool and the Mid-Continent Area Power Planners. Its electric facilities are di-

rectly interconnected through high-voltage transmission lines with the electric facilities of seven other utilities, and it is a party to a Coordinating Agreement with six other midwestern utilities for the sharing of a 345,000-volt transmission line extending from St. Louis to Minneapolis.

Natural gas is distributed to 107,040 customers in 124 communities in Iowa; Sterling, Colorado; Fairmont, Minnesota; and 5 small communities in Nebraska. Gas is supplied to the Company by four pipeline companies. Gas is also available from storage to supplement peak demands during the heating season.

Steam or hot water service is provided to 584 customers in three Iowa communities.

The Company has two wholly-owned subsidiaries. The Cedar Rapids and Iowa City Railway Company renders freight service between Cedar Rapids and Iowa City and interconnects with four trunkline railroads. Iowa Land and Building Company owns and operates real estate.

In Iowa, the Company is subject to the jurisdiction of the Iowa State Commerce Commission which has jurisdiction over rates, standards of service, and accounting requirements. In Colorado, the Company is subject to the jurisdiction of The Public Utilities Commission of Colorado with respect to rates, service, issuance of securities, and accounting requirements. In addition, the Company, in certain of its activities, including issuance of securities and setting of rates for wholesale electric sales, is subject to the regulatory authority of the Federal Power Commission.

The Company's common stock is listed on the New York Stock Exchange.

# Statements of Income

Year Ended December 31

**REVENUES:**

Electric .....	
Gas .....	
Steam .....	

	1971	1970
	\$55,054,571	\$51,410,449
	30,985,122	28,418,891
	1,568,457	1,483,321
	<u>87,608,150</u>	<u>81,312,661</u>
	21,191,168	19,217,426
	29,679,285	25,088,901
	4,768,219	4,128,561
	7,677,000	7,343,600
	6,923,000	7,259,600
	3,524,000	5,032,300
	1,381,100	1,291,600
	(253,200)	(217,500)
	123,100	(74,060)
	504,426	472,295
	<u>75,518,098</u>	<u>69,542,723</u>
	12,090,052	11,769,938
	2,613,427	955,066
	336,148	334,421
	<u>2,949,575</u>	<u>1,289,487</u>
	6,430,805	5,304,048
	440,457	519,757
	<u>6,871,262</u>	<u>5,823,805</u>
	8,168,365	7,235,620
	1,810,217	931,193
	<u>\$ 6,358,148</u>	<u>\$ 6,304,427</u>
	\$1.65	\$1.79
	<u>3,855,041</u>	<u>3,528,488</u>

**EXPENSES:**

Gas purchased for resale .....	
Operation .....	
Maintenance .....	
Depreciation .....	
Property taxes .....	
Federal and state income taxes:	
Current .....	
Deferred .....	
Deferred in prior years (credit) .....	
Investment credits deferred — net .....	
Miscellaneous taxes .....	

**OPERATING INCOME** .....

**OTHER INCOME AND DEDUCTIONS:**

Allowance for funds used during construction .....	
Other (net) .....	

**INTEREST:**

Long-term debt .....	
Other debt .....	

**NET INCOME** .....

Preferred and preference dividend requirements .....	
--	--

**NET INCOME AVAILABLE FOR COMMON STOCK** .....

**EARNINGS PER COMMON SHARE BASED ON AVERAGE NUMBER OF SHARES OUTSTANDING** .....

**AVERAGE NUMBER OF COMMON SHARES OUTSTANDING**

**AUDITORS' REPORT**

To the Board of Directors of  
Iowa Electric Light and Power Company:

We have examined the balance sheets and statements of capitalization of IOWA ELECTRIC LIGHT AND POWER COMPANY (an Iowa Corporation) as of December 31, 1971 and 1970, and the related statements of income, retained earnings, paid-in surplus, and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of Iowa Electric Light and Power Company as of December 31, 1971 and 1970, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Chicago, Illinois,  
January 28, 1972.

*Arthur Andersen & Co.*

# Balance Sheets

December 31, 1971 and 1970

Assets	1971	1970
UTILITY PLANT, at original cost:		
Electric .....	\$218,935,765	\$208,949,641
Gas .....	40,761,492	39,065,050
Other .....	5,692,625	5,377,829
	<u>265,389,882</u>	<u>253,392,520</u>
Less — Reserve for depreciation .....	81,221,692	75,289,718
	<u>184,168,190</u>	<u>178,102,802</u>
Construction work in progress .....	64,708,392	25,069,091
	<u>248,876,582</u>	<u>203,171,893</u>
INVESTMENTS:		
Wholly-owned subsidiaries at underlying book value —		
Cedar Rapids and Iowa City Railway Company —		
pledged under first mortgage bonds .....	3,109,715	2,978,726
Iowa Land and Building Company .....	1,618,069	1,288,796
Nonutility property, less reserve .....	69,888	112,579
	<u>4,797,672</u>	<u>4,380,101</u>
CURRENT ASSETS:		
Cash .....	5,998,815	3,465,351
Deposits for bond interest and dividends .....	3,034,516	2,475,321
Accounts receivable, less reserve .....	9,294,557	8,945,987
Materials, supplies and fuel, at average cost .....	8,011,477	6,657,986
Prepayments .....	412,070	353,980
	<u>26,751,435</u>	<u>21,898,625</u>
DEFERRED CHARGES .....	1,195,839	1,179,575
	<u>\$281,621,528</u>	<u>\$230,630,194</u>

Shareholders' Equity and Liabilities

SHAREHOLDERS' EQUITY:

	1971	1970
Preferred stock .....	\$ 18,320,300	\$ 18,320,300
Preference stock .....	15,000,000	5,000,000
Common stock .....	10,596,220	8,821,220
Paid-in surplus .....	26,816,417	16,685,136
Retained earnings .....	33,168,774	32,072,671
	<u>103,901,711</u>	<u>80,899,327</u>
 LONG-TERM DEBT .....	 110,437,000	 111,179,000
Total capitalization (see statements) .....	214,338,711	192,078,327
 NOTES PAYABLE, due within one year, at prime rates .....	 27,100,000	 1,500,000
 CURRENT LIABILITIES, excluding Notes Payable:		
Sinking fund requirements .....	612,000	342,000
Accounts payable .....	5,422,603	5,091,410
Dividends payable .....	1,937,235	1,375,358
Accrued interest .....	2,199,637	1,943,684
Accrued taxes .....	8,044,934	8,485,174
Other .....	1,664,464	965,990
	<u>19,880,873</u>	<u>18,203,616</u>
 CONTRIBUTIONS IN AID OF CONSTRUCTION .....	 3,094,040	 2,891,347
 ACCUMULATED DEFERRED INCOME TAXES .....	 14,489,410	 13,361,510
 DEFERRED INVESTMENT TAX CREDITS, being amortized over the lives of related properties .....	 2,718,494	 2,595,394
	<u>\$281,621,528</u>	<u>\$230,630,194</u>

iowa electric light and power company

## Statements of Capitalization

December 31, 1971 and 1970

### SHAREHOLDERS' EQUITY:

	1971	1970
<b>Capital stock —</b>		
Preferred, cumulative — par value \$50 per share —		
authorized 466,406 shares —		
6.10% — outstanding 100,000 shares .....	\$ 5,000,000	\$ 5,000,000
4.80% — outstanding 146,406 shares .....	7,320,300	7,320,300
4.30% — outstanding 120,000 shares .....	6,000,000	6,000,000
Cumulative preference — par value \$100 per share —		
authorized 200,000 shares —		
8.65% — outstanding 50,000 shares .....	5,000,000	5,000,000
8.92% — outstanding 100,000 shares .....	10,000,000	-
Common, par value \$2.50 per share; authorized		
6,000,000 shares; outstanding 4,238,488 shares		
and 3,528,488 shares, respectively .....	10,596,220	8,821,220
Paid-in surplus .....	26,816,417	16,685,136
Retained earnings .....	33,168,774	32,072,671
	<u>103,901,711</u>	<u>80,899,327</u>
<b>LONG-TERM DEBT:</b>		
First mortgage bonds —		
Series C, 3%, due 1976 .....	12,600,000	12,750,000
Series D, 2 $\frac{7}{8}$ %, due 1977 .....	2,520,000	2,550,000
Series E, 3 $\frac{1}{8}$ %, due 1976 .....	2,370,000	2,400,000
Series F, 3 $\frac{3}{8}$ %, due 1982 .....	4,450,000	4,500,000
Series G, 3 $\frac{5}{8}$ %, due 1978 .....	3,897,000	3,979,000
Series H, 3 $\frac{1}{8}$ %, due 1985 .....	9,000,000	9,000,000
Series I, 5 $\frac{1}{8}$ %, due 1991 .....	16,000,000	16,000,000
Series J, 6 $\frac{1}{4}$ %, due 1996 .....	15,000,000	15,000,000
Series K, 8 $\frac{5}{8}$ %, due 1999 .....	20,000,000	20,000,000
Series L, 7 $\frac{7}{8}$ %, due 2000 .....	15,000,000	15,000,000
Sinking fund debentures, 6 $\frac{3}{8}$ %, due 1992 .....	9,600,000	10,000,000
	<u>110,437,000</u>	<u>111,179,000</u>
Total capitalization .....	<u>\$214,338,711</u>	<u>\$192,078,327</u>

## Statements of Retained Earnings

Year Ended December 31

	1971	1970
Balance at beginning of period .....	\$32,072,671	\$30,386,976
Add:		
Net income for period .....	8,168,365	7,235,620
	<u>40,241,036</u>	<u>37,622,596</u>
Deduct:		
Cash dividends declared —		
Preferred stock .....	914,373	914,373
Preference stock .....	912,716	-
Common stock .....	5,048,565	4,587,059
Expenses in connection with authorization		
and sale of stock .....	196,608	48,493
	<u>7,072,262</u>	<u>5,549,925</u>
Balance at end of period .....	<u>\$33,168,774</u>	<u>\$32,072,671</u>

## Statements of Paid-in Surplus

Year Ended December 31

	1971	1970
Balance at beginning of period .....	\$16,685,136	\$16,677,936
Add:		
Premium on sale of preference stock .....	13,000	7,200
Premium on sale of common stock .....	10,118,281	-
Balance at end of period .....	<u>\$26,816,417</u>	<u>\$16,685,136</u>

## Statements of Changes in Financial Position

### SOURCE:

#### Common stockholders' reinvestment:

	1971	1970
Net income .....	\$ 8,168,365	\$ 7,235,620
Less cash dividends .....	(6,875,654)	(5,501,432)
	1,292,711	1,734,188
Depreciation, net of sinking fund requirements of \$742,000 and \$342,000, respectively .....	6,935,000	7,001,600
Deferred taxes and investment tax credits .....	1,251,000	1,000,040
Net proceeds from outside financing:		
First mortgage bonds .....	-	14,708,985
Preference stock .....	9,979,288	4,983,187
Common stock .....	11,730,385	-
Net change in notes payable .....	25,600,000	1,500,000
	<u>\$56,788,384</u>	<u>\$30,928,000</u>

### APPLICATION:

Additions to utility plant .....	\$53,640,257	\$30,992,438
Change in current position and other:		
Cash and temporary cash investments .....	2,533,464	(1,168,709)
Accounts receivable .....	348,570	1,615,003
Materials, supplies and fuel .....	1,353,491	1,232,320
Accounts payable .....	(331,193)	(130,837)
Accrued taxes .....	440,240	(1,022,278)
Other .....	(1,196,445)	(589,937)
	<u>\$56,788,384</u>	<u>\$30,928,000</u>

## NOTES TO FINANCIAL STATEMENTS

**NET INCOME OF SUBSIDIARIES.** The net income from operations of the Company's wholly-owned subsidiaries, Iowa Land and Building Company and Cedar Rapids and Iowa City Railway Company is included in Other Income and Deductions in the Statements of Income.

**RETIREMENT PLAN.** The Company and its wholly-owned railway subsidiary have a Retirement Plan for the benefit of their employees. The total pension cost requirements of the Plan of \$947,000 and \$827,000 for the years 1971 and 1970 respectively, have been paid to the Trustee. Pension cost requirements include normal cost and interest on unfunded past service cost. Unfunded past service cost approximated \$721,000 at December 31, 1971.

**DEPRECIATION.** Depreciation is provided on a straight line basis at a composite rate of 3.2% on the cost of depreciable property.

**CONSTRUCTION COMMITMENTS.** The Company is constructing a nuclear fueled generating station which is anticipated to go in service in late 1973. The total constructed cost of this plant and related transmission facilities, 30% of which will be shared by two Iowa cooperatives, is estimated at approximately \$187,000,000.

The construction program for the year 1972 anticipates expenditures aggregating approximately \$61,600,000, of which \$45,600,000 is for the nuclear plant.

**ELECTRIC RATE INCREASE.** Electric revenues for the year ended December 31, 1971, include approximately \$330,000 resulting from revised electric rates placed in effect in late November, 1971. These rates, estimated to produce additional electric revenues of approximately \$4,350,000 on an annual basis, are being billed under bond subject to refund, pending final approval by the Iowa State Commerce Commission.

## Financial Summary 1961-1971

	1971	1970	1969	1968
<b>Summary of Operation (000's)</b>				
Operating revenue	\$ 87,608	\$ 81,313	\$75,190	\$ 69,171
Operation and maintenance	55,639	48,435	43,857	39,225
Provision for depreciation	7,677	7,344	7,018	6,519
Taxes				
Federal and state income	3,524	5,032	5,591	5,066
Deferred income	1,128	1,074	1,126	605
Investment credits deferred	123	(74)	256	888
Property and other	7,427	7,732	6,618	6,379
Operating income	12,090	11,770	10,724	10,489
Allowance for funds used during construction (credit)	2,613	955	236	531
Other income and deductions	336	335	265	42
Interest	6,871	5,824	4,516	3,954
Net income	8,168	7,236	6,709	7,108
Preferred and preference dividend requirements	1,810	932	914	915
Balance available for common stock	6,358	6,304	5,795	6,193
Dividends declared on common stock	5,049	4,587	4,587	4,587
<b>Number of Preferred and Preference Shareholders</b>	3,583	3,224	3,263	3,292
<b>Number of Common Shareholders</b>	18,239	16,232	15,370	15,963
<b>Shares of Common Stock at Year-End (000's)</b>	4,238	3,528	3,528	3,528
<b>Earnings per Share of Common Stock</b>	\$1.65	\$1.79	\$1.64	\$1.76
<b>Dividends Paid per Share of Common Stock</b>	\$1.30	\$1.30	\$1.30	\$1.30
<b>Market Price of Common Stock at Year-End</b>	\$19	\$19 <sup>7</sup> / <sub>8</sub>	\$17 <sup>5</sup> / <sub>8</sub>	\$24 <sup>1</sup> / <sub>2</sub>
<b>Utility Plant (000's)</b>				
Electric plant in service	\$218,936	\$208,950	\$200,009	\$190,856
Gas plant in service	40,761	39,065	37,069	34,505
Other utility plant in service	5,693	5,378	4,924	4,660
Total utility plant in service	\$265,390	\$253,393	\$242,002	\$230,021
Construction work in progress	\$ 64,708	\$ 25,069	\$ 7,913	\$ 3,688
Total utility plant	\$330,098	\$278,462	\$249,915	\$233,709
Accrued depreciation	\$ 81,222	\$ 75,290	\$ 70,076	\$ 64,907
Ratio of accrued depreciation to utility plant in service (%)	30.60	29.71	28.96	28.22
Construction expenditures	\$ 53,977	\$ 31,357	\$ 18,675	\$ 14,705
<b>Capitalization (000's)</b>				
Common stock equity	\$ 70,582	\$ 57,579	\$ 55,886	\$ 54,679
Preferred stock	18,320	18,320	18,320	18,320
Preference stock	15,000	5,000	—	—
Long-term debt	110,437	111,179	96,521	76,863
Total capitalization	\$214,339	\$192,078	\$170,727	\$149,862

1967	1966	1965	1964	1963	1962	1961
\$ 64,132	\$ 61,124	\$ 57,647	\$ 53,691	\$ 52,787	\$ 51,703	\$ 47,581
36,027	33,749	31,190	29,045	29,421	28,896	27,203
5,761	5,505	5,183	4,925	4,495	4,287	3,825
4,604	5,102	5,224	4,893	4,870	5,019	4,625
665	629	540	607	945	907	680
249	307	244	284	265	177	—
6,925	6,303	6,119	5,623	4,962	4,678	4,303
9,901	9,529	9,147	8,314	7,829	7,739	6,945
1,110	366	65	103	67	61	440
9	100	70	50	273	259	260
3,588	2,678	2,214	2,119	2,122	2,142	2,125
7,432	7,317	7,068	6,348	6,047	5,917	5,520
717	609	609	609	609	609	609
6,715	6,708	6,459	5,739	5,438	5,308	4,911
4,410	4,235	3,881	3,706	3,528	3,440	3,220
3,338	3,348	3,407	3,489	3,558	3,618	3,677
14,467	13,903	13,256	13,258	13,242	13,181	13,469
3,528	3,528	3,528	3,528	3,528	3,529	3,529
\$1.90	\$1.90	\$1.83	\$1.63	\$1.54	\$1.50	\$1.39
\$1.22½	\$1.17½	\$1.10	\$1.02½	\$1.00	\$ .96¼	\$ .90
\$23½	\$25½	\$31½	\$31¼	\$29½	\$27¾	\$29½
\$162,932	\$154,097	\$148,168	\$143,298	\$136,121	\$130,908	\$126,592
31,633	29,783	26,675	24,343	22,105	20,082	18,482
4,273	4,196	4,029	3,668	3,323	3,239	3,282
\$198,838	\$188,076	\$178,872	\$171,309	\$161,549	\$154,229	\$148,356
\$ 22,797	\$ 15,357	\$ 4,176	\$ 1,271	\$ 2,149	\$ 2,651	\$ 1,093
\$221,635	\$203,433	\$183,048	\$172,580	\$163,698	\$156,880	\$149,449
\$ 60,431	\$ 55,880	\$ 51,530	\$ 49,469	\$ 45,525	\$ 41,890	\$ 38,387
30.39	29.71	28.81	28.88	28.18	27.16	25.87
\$ 19,941	\$ 22,388	\$ 11,990	\$ 10,404	\$ 8,094	\$ 8,718	\$ 11,245
\$ 53,073	\$ 50,816	\$ 48,525	\$ 45,947	\$ 43,837	\$ 41,685	\$ 39,817
18,320	13,320	13,320	13,320	13,320	13,320	13,320
—	—	—	—	—	—	—
78,445	68,977	54,509	55,041	55,573	56,105	56,637
\$149,838	\$133,113	\$116,354	\$114,308	\$112,730	\$111,110	\$109,774

# Electric Operating Comparison 1961-1971

	1971	1970	1969	1968
<b>Electric Revenue (000's)</b>				
Residential .....	\$20,632	\$19,292	\$18,025	\$16,713
Rural .....	4,715	4,508	4,351	4,201
Commercial .....	16,535	15,416	14,471	13,678
Industrial .....	9,968	9,219	8,597	7,776
Street lighting and public authorities ...	1,666	1,499	1,374	1,248
Total from sales to ultimate consumers .....	\$53,516	\$49,934	\$46,818	\$43,616
Sales for resale .....	1,258	1,173	1,077	1,019
Other .....	281	303	284	260
Total .....	\$55,055	\$51,410	\$48,179	\$44,895
<b>Electric Sales (000's KWH)</b>				
Residential .....	848,088	798,060	730,158	662,292
Rural .....	198,107	193,887	185,561	176,741
Commercial .....	640,219	604,066	567,004	534,491
Industrial .....	693,393	671,835	634,803	573,331
Street lighting and public authorities ...	58,013	50,426	46,630	43,901
Total to ultimate consumers .....	2,437,820	2,318,274	2,164,156	1,990,756
Sales for resale .....	102,570	94,987	85,679	78,931
Total .....	2,540,390	2,413,261	2,249,835	2,069,687
<b>Total Electric Customers (end of year) ....</b>	171,339	169,120	166,807	164,570
<b>Electric Energy Generated, Purchased and Interchanged (000's KWH) .....</b>	2,824,163	2,689,862	2,505,182	2,306,572
<b>Heat Rate — btu per kilowatt-hour —</b>				
Total steam generating stations .....	12,305	12,075	11,937	11,943
<b>Net Generating Capacity — kilowatts*</b>				
Steam stations .....	526,551	526,551	526,551	526,551
Diesel stations .....	48,620	48,620	48,620	48,620
Total .....	575,171	575,171	575,171	575,171
<b>Peak Load — kilowatts (60 minute integrated — net) .....</b>	661,083	608,384	562,601	520,190
<b>Residential and Rural Service</b>				
Average number of customers .....	146,690	144,766	142,629	139,874
Revenue per KWH sold (cents) .....	2.42	2.40	2.44	2.49
Avg. annual KWH sales per customer ..	7,132	6,852	6,420	5,998

\*Includes generating units owned by Central Iowa Power Cooperative and operated by the Company. These units have a net capability of 96,500 kilowatts.

1967	1966	1965	1964	1963	1962	1961	Ten Year Compound Rate of Growth
\$15,330	\$14,893	\$14,293	\$13,350	\$12,769	\$12,286	\$11,615	5.9%
4,043	3,924	3,826	3,684	3,648	3,600	3,471	3.1
12,434	11,323	10,237	9,301	8,751	7,901	7,538	8.2
7,307	6,999	6,998	6,878	6,471	6,226	5,854	5.5
1,216	1,110	966	909	867	800	722	8.7
\$40,330	\$38,249	\$36,320	\$34,122	\$32,506	\$30,813	\$29,200	6.2
945	983	923	891	2,657	3,919	2,695	(7.3)
244	226	214	200	152	139	132	7.9
\$41,519	\$39,458	\$37,457	\$35,213	\$35,315	\$34,871	\$32,027	5.6
590,021	550,710	508,575	470,795	438,517	409,289	383,620	8.3%
168,121	161,528	156,090	147,444	143,730	137,723	129,985	4.3
477,381	430,928	372,352	334,018	309,760	271,872	256,798	9.6
530,046	489,307	460,984	428,712	393,458	365,494	338,927	7.4
43,977	41,699	40,482	40,509	38,677	35,407	30,229	6.7
1,809,546	1,674,172	1,538,483	1,421,478	1,324,142	1,219,785	1,139,559	7.9
72,416	74,775	68,751	65,296	354,506	558,917	395,072	(12.6)
1,881,962	1,748,947	1,607,234	1,486,774	1,678,648	1,778,702	1,534,631	5.2
161,111	159,056	158,444	156,270	153,913	152,170	150,703	1.3%
2,115,815	1,963,583	1,808,160	1,691,175	1,873,519	1,963,319	1,699,380	
12,324	12,408	12,404	12,186	12,188	12,267	12,687	
386,551	386,551	386,551	386,551	391,551	391,551	391,551	
48,620	48,620	48,620	48,620	48,620	48,620	48,620	
435,171	435,171	435,171	435,171	440,171	440,171	440,171	
471,831	444,501	392,155	407,609	377,004	356,203	327,696	
137,025	134,733	132,220	130,225	128,385	126,998	125,571	
2.56	2.64	2.73	2.76	2.82	2.90	2.94	
5,533	5,286	5,027	4,747	4,535	4,307	4,090	

# Gas Operating Comparison 1961-1971

	1971	1970	1969	1968
<b>Gas Revenue (000's)</b>				
Residential .....	\$15,047	\$13,855	\$12,818	\$11,613
Commercial .....	6,872	6,059	5,370	4,813
Industrial .....	8,952	8,391	7,338	6,409
Other .....	114	114	102	96
Total .....	<u>\$30,985</u>	<u>\$28,419</u>	<u>\$25,628</u>	<u>\$22,931</u>
<b>Gas Sales (000's MCF)</b>				
Residential .....	15,003	14,910	14,603	13,413
Commercial .....	9,462	9,326	8,769	8,114
Industrial .....	23,369	24,502	23,321	20,354
Total .....	<u>47,834</u>	<u>48,738</u>	<u>46,693</u>	<u>41,881</u>
<b>Gas Customers (end of year)</b>				
Residential .....	93,258	91,351	88,788	86,544
Commercial .....	13,419	12,848	12,357	11,947
Industrial .....	363	337	288	268
Total .....	<u>107,040</u>	<u>104,536</u>	<u>101,433</u>	<u>98,759</u>
<b>Natural Gas Purchased for Resale</b> (000's MCF) .....	48,233	49,334	47,301	42,666
<b>Cost of Natural Gas Purchased for Resale</b> (000's) .....	\$21,191	\$19,217	\$17,893	\$15,705
<b>Residential Gas Customers</b> Average for year .....	91,691	89,519	87,168	83,913
<b>Annual Gas Revenue</b> Per residential customer .....	\$164.11	\$154.77	\$147.05	\$138.39

1967	1966	1965	1964	1963	1962	1961	Ten Year Compound Rate of Growth
\$10,925	\$10,643	\$10,313	\$ 9,454	\$ 9,129	\$9,136	\$ 8,478	5.9%
4,531	4,241	3,983	3,586	3,363	3,374	3,047	8.5
5,689	5,339	4,593	4,226	3,866	3,191	2,915	11.9
94	92	85	78	70	68	63	6.2
<u>\$21,239</u>	<u>\$20,315</u>	<u>\$18,974</u>	<u>\$17,344</u>	<u>\$16,428</u>	<u>\$15,769</u>	<u>\$14,503</u>	7.9
12,876	12,354	12,047	10,913	10,346	10,266	9,583	4.6%
7,841	7,190	6,795	6,017	5,467	5,456	4,958	6.7
18,330	17,199	14,788	13,958	13,091	10,771	9,869	9.0
<u>39,047</u>	<u>36,743</u>	<u>33,630</u>	<u>30,888</u>	<u>28,904</u>	<u>26,493</u>	<u>24,410</u>	7.0
83,115	79,969	75,556	72,192	68,689	66,121	63,717	3.9%
11,403	10,858	10,156	9,651	9,060	8,670	8,261	5.0
268	233	228	206	183	166	155	8.9
<u>94,786</u>	<u>91,060</u>	<u>85,940</u>	<u>82,049</u>	<u>77,932</u>	<u>74,957</u>	<u>72,133</u>	4.0
39,822	37,552	33,878	31,034	28,960	26,780	24,565	
\$14,292	\$13,609	\$12,473	\$11,819	\$11,538	\$10,824	\$ 9,921	
81,026	76,781	73,087	69,515	66,744	64,106	61,329	
\$134.83	\$138.62	\$141.11	\$136.00	\$136.78	\$142.51	\$138.24	

# Board of Directors

**ROBERT C. ARMSTRONG**  
Chairman of the Board  
Armstrongs, Inc.,  
Cedar Rapids, Iowa

**DUANE ARNOLD\***  
Chairman of the Board,  
Chief Executive Officer and  
President, Cedar Rapids, Iowa

**JAMES E. COQUILLETTE\***  
President  
The Merchants National Bank  
of Cedar Rapids  
Cedar Rapids, Iowa

**WILLIAM C. CRAWFORD\***  
Retired, formerly President  
King's Concrete Company,  
Cedar Rapids, Iowa

**M. G. HARDESTY\***  
Vice President-Finance  
Cedar Rapids, Iowa

**KENNETH H. JOSLIN**  
President  
Gruel-O-Matic Corporation,  
Minburn, Iowa

**JOHN W. NORRIS**  
Chairman of the Board (Retired)  
and Director  
Lennox Industries, Inc.,  
Marshalltown, Iowa

**DAVID Q. REED**  
Attorney,  
Kansas City, Missouri

**DR. JAMES A. VAN ALLEN**  
Professor of Physics and  
Head of Department of  
Physics and Astronomy  
University of Iowa, Iowa City,  
Iowa

\*Member Executive Committee

## Officers

**DUANE ARNOLD**  
Chairman of the Board, Chief  
Executive Officer and  
President

**M. G. HARDESTY**  
Vice President-Finance

**JAMES M. DAVIDSON**  
Vice President

**HILLIS M. GILL**  
Vice President

**DONALD A. MATHERN**  
Vice President

**CHARLES W. SANDFORD**  
Vice President

**STEVAN B. SMITH**  
Vice President and Secretary

**J. B. REHNSTROM**  
Treasurer and Assistant  
Secretary

## TRANSFER AGENTS

### Common Stock

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois  
THE MERCHANTS NATIONAL  
BANK OF CEDAR RAPIDS  
Cedar Rapids, Iowa  
FIRST NATIONAL CITY BANK  
New York, New York

### Preferred and Preference Stocks

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois  
THE MERCHANTS NATIONAL  
BANK OF CEDAR RAPIDS  
Cedar Rapids, Iowa

## TRUSTEES

### Mortgage and Deed of Trust

THE FIRST NATIONAL BANK  
OF CHICAGO  
Chicago, Illinois

### Sinking Fund Debenture Indenture

THE NORTHERN TRUST  
COMPANY  
Chicago, Illinois

## REGISTRARS

### Preferred and Preference Stocks

THE NORTHERN TRUST  
COMPANY  
Chicago, Illinois  
PEOPLES BANK AND TRUST  
COMPANY  
Cedar Rapids, Iowa

## Common Stock

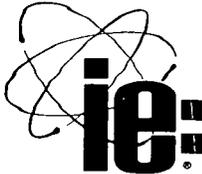
THE NORTHERN TRUST  
COMPANY  
Chicago, Illinois  
PEOPLES BANK AND TRUST  
COMPANY  
Cedar Rapids, Iowa  
IRVING TRUST COMPANY  
New York, New York

## GENERAL OFFICES

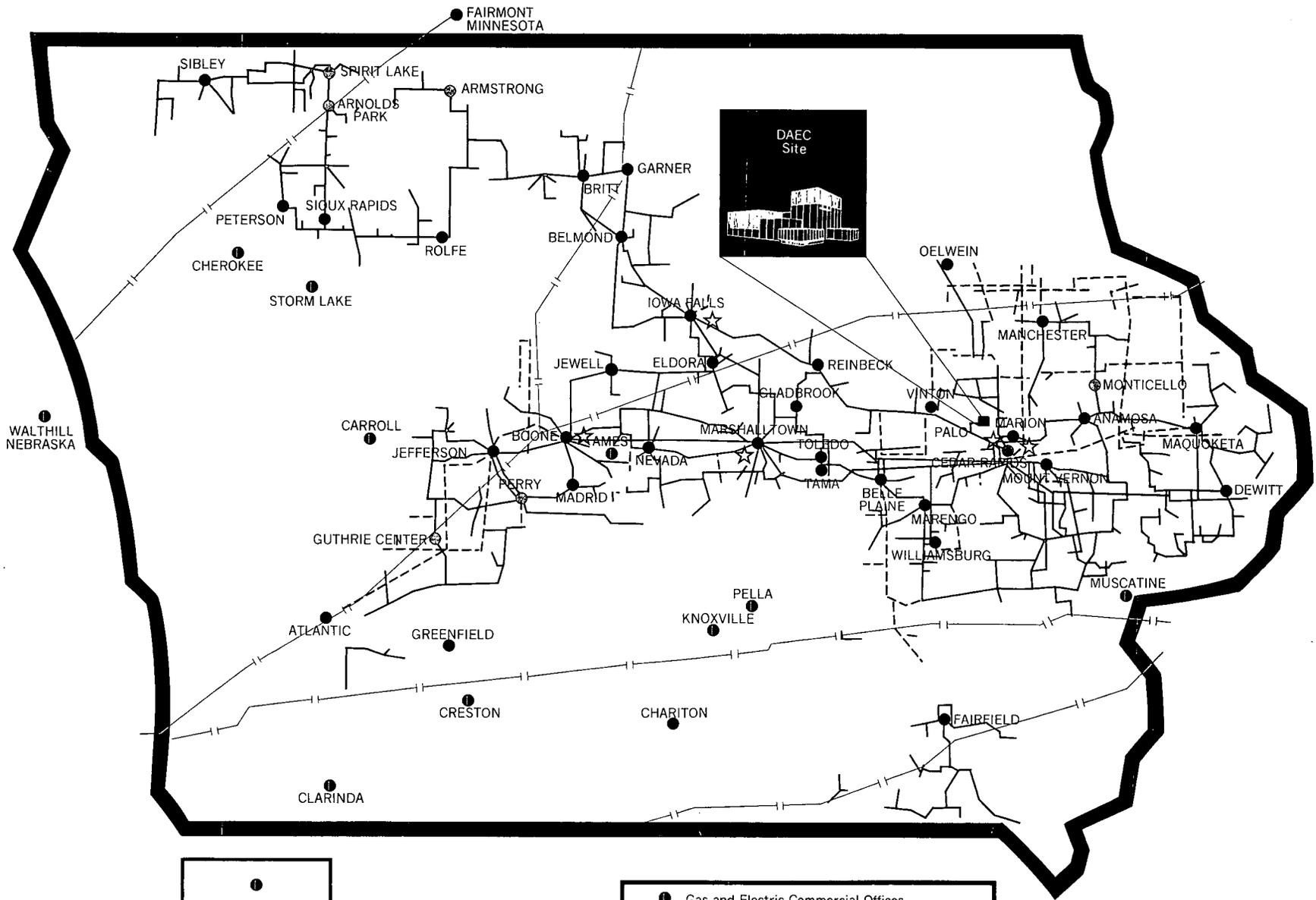
SECURITY BUILDING  
Cedar Rapids, Iowa 52406

The statements in this report are furnished solely for your information, and the facts and figures presented, while accepted by the management as reliable in the operations of the property, are not, however guaranteed by us against inaccuracy or omission of material fact and are not furnished by us nor to be used by you in any way which implies liability on our part or on the part of our officers and directors in connection with your dealings in the securities of this Company. The purpose of this paragraph is to protect you and this Company against any liability that may accrue under any State or Federal Securities Act.

# For Your Notes



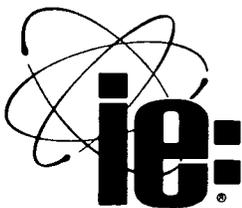
iowa electric light and power company



● STERLING COLORADO

- Gas and Electric Commercial Offices
- ⊙ Electric Commercial Offices
- Gas Commercial Offices
- Electric Transmission Lines — Company Owned
- - - Electric Transmission Lines — R.E.C. Owned
- ☆ Principal Electric Generating Plants
- DAEC — Planned for December, 1973 Operation
- |- Gas Pipeline Suppliers

DEPT. OF REGULATORY GENERAL FILES  
ROOM 316



iowa electric light and power company