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CORN BELT POWER COOPERATIVE

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1992 AND 1991
TOGETHER WITH AUDITORS' REPORT

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, 1992 and 1991, 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 audits 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. 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, 1992 and 1991, 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 19, 1993

ARTHUR ANDERSEN & CO.

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, 1992, and have issued our report thereon dated February 19, 1993.

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,
February 19, 1993

ARTHUR ANDERSEN & CO.

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, 1992, and have issued our report thereon dated February 19, 1993.

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, 1992, 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:

- o Financial reporting cycle
- o Vendor/payroll expenditure cycle
- o Revenue cycle
- o Treasury cycle
- o 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 19, 1993

Balance Sheets

December 31, 1992 and 1991

ASSETS

	1992	1991
ELECTRIC PLANT (Notes 2 and 6):		
In service	$ 193,997,854	$ 187,933,510
Less-Accumulated depreciation	91,259,084	84,504,575
	102,738,770	103,428,935
Construction work in progress	1,890,596	3,874,250
Nuclear fuel, net of amortization (Note 2)	6,499,917	7,821,491
	111,129,283	115,124,676
OTHER PROPERTY AND INVESTMENTS:		
Nonutility property	422,131	420,625
Investment in the National Rural Utilities Cooperative Finance Corporation	2,516,418	2,533,226
Land held for future generating site (Note 8)	3,856,509	3,856,509
Decommissioning fund (Note 2)	5,669,878	4,606,159
Other investments and receivables (Notes 2 & 10)	8,282,058	8,698,958
	20,746,994	20,115,477
CURRENT ASSETS:		
Cash and cash equivalents	7,948,509	8,975,788
Short term investments	1,203,207	532,623
Member accounts receivable	3,823,826	4,125,379
Other receivables	359,768	178,128
Inventories -		
Fuel, primarily coal, at last-in first-out cost	1,831,013	1,896,895
Materials and supplies, at average cost	1,951,564	1,852,001
Prepayments	621,175	644,715
	17,739,062	18,205,529
DEFERRED CHARGES:		
Deferred Department of Energy decommissioning costs (Note 12)	1,845,000	—
Deferred spent nuclear fuel disposal costs (Note 9)	880,968	1,041,144
Deferred refueling costs (Note 2)	964,144	313,430
Unamortized refinancing cost (Note 4)	487,960	—
Other (Note 7)	1,618,142	1,146,115
	5,796,214	2,500,689
	$ 155,411,553	$ 155,946,371

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

Balance Sheets

December 31, 1992 and 1991

MEMBERSHIP CAPITAL AND LIABILITIES

	1992	1991
MEMBERSHIP CAPITAL:		
Memberships, at $100 per membership	$ 1,400	$ 1,400
Deferred patronage dividends, per accompanying statements (payment restricted as indicated in Note 3)	6,367,255	5,867,255
Other equities, per accompanying statements	13,191,158	12,067,833
	19,559,813	17,936,488
LONG-TERM DEBT (Note 4):		
Rural Electrification Administration	45,146,498	47,309,400
Federal Financing Bank	72,575,198	74,172,187
Capital lease obligations (Note 2)	6,628,511	7,298,714
Pollution control revenue bonds	2,855,000	2,975,000
	127,205,207	131,755,301
Less - Current maturities of long-term debt	4,619,832	4,488,530
	122,585,375	127,266,771
OTHER LONG-TERM LIABILITIES:		
Deferred Department of Energy decommissioning costs (Note 12)	1,845,000	—
Deferred compensation	297,853	343,789
	2,142,853	343,789
CURRENT LIABILITIES:		
Current maturities of long-term debt	4,619,832	4,488,530
Accounts payable	2,360,091	2,019,145
Accrued property and other taxes	2,455,268	2,506,373
Other	394,894	405,279
	9,830,085	9,419,327
DEFERRED CREDITS:		
Other (Note 7)	1,293,427	979,996
	$ 155,411,553	$ 155,946,371

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

Statements of Revenues and Expenses

For the Years Ended December 31, 1992 and 1991

	1992	1991
OPERATING REVENUES:		
Sales of electric energy	$ 40,005,277	$ 37,085,089
Other	2,451,271	2,404,645
	42,456,548	39,489,734
OPERATING EXPENSES:		
Operation -		
Steam and other power generation	13,087,895	13,629,044
Purchased power, net	1,540,493	(99,575)
Transmission	1,292,479	1,261,880
Sales	335,237	287,757
Administrative and general	3,491,794	3,383,878
Maintenance -		
Steam and other power generation	3,920,450	3,681,482
Transmission	523,064	528,799
General plant	24,393	26,543
Depreciation and decommissioning (Note 2)	6,189,796	6,175,195
Property and other taxes	2,620,063	2,816,038
	33,025,664	31,691,041
Net Operating Revenues	9,430,884	7,798,693
INTEREST AND OTHER DEDUCTIONS:		
Interest on long-term debt	8,650,514	8,706,284
Other interest (Note 2)	516,971	415,443
Interest during construction (Note 2)	(373,918)	(362,113)
Other deductions	99,391	8,512
Amortization of reacquired debt (Note 4)	162,279	—
Amortization of loan expense	21,194	11,194
	9,076,431	8,779,320
NET OPERATING MARGIN (DEFICIT)	354,453	(980,627)
NON-OPERATING MARGIN:		
Interest income	1,087,813	1,076,818
Other, net (Note 6)	409,984	892,858
	1,497,797	1,969,676
NET MARGIN	$ 1,852,250	$ 989,049

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

Statements of Cash Flows

For the Years Ended December 31, 1992 and 1991 (Note 2)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 1,852,250	$ 989,049
Adjustments to reconcile net margin to cash provided by operations:		
Depreciation and amortization	5,948,960	6,914,131
Amortization of nuclear fuel	1,618,108	2,140,169
Amortization of deferred refueling costs	1,378,502	1,654,543
Amortization of nuclear fuel disposal costs	160,176	160,176
Amortization of refinancing cost	162,279	—
Gain on capacity sale	—	(646,514)
Changes in current assets and liabilities:		
Accounts receivable	119,913	(268,354)
Inventories	(33,681)	129,553
Prepayments	23,540	124,298
Accounts payable	340,946	(260,329)
Accrued property and other taxes	(51,105)	171,702
Other liabilities	(10,385)	(38,403)
Decrease in deferred compensation	(45,936)	(13,502)
Other	(158,596)	(113,000)
Net cash provided by operating activities	11,304,971	10,943,519
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	—	6,510,000
Repayment of long-term debt	(4,550,094)	(3,726,667)
Deferred patronage dividends paid	(250,000)	(250,000)
Cost of refinancing	(650,239)	—
Net cash used (provided) in financing activities	(5,450,333)	2,533,333
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to electric plant, net	(3,398,837)	(5,283,103)
Additions to nuclear fuel	(296,534)	(1,609,979)
Additions to deferred refueling costs	(2,029,216)	(69,739)
Disposal (additions) to nonutility property	(1,506)	38,030
Proceeds of capacity sale	—	1,632,154
Decommissioning fund	(1,063,719)	(907,932)
Other investments	(92,105)	(2,365,739)
Net cash used in investing activities	(6,881,917)	(8,566,308)
Net increase (decrease) in cash and cash equivalents	(1,027,279)	4,910,544
CASH AND CASH EQUIVALENTS AT:		
Beginning of year	8,975,788	4,065,244
End of year	$ 7,948,509	$ 8,975,788

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

Statements of Deferred Patronage Dividends and Other Equities

For the Years Ended December 31, 1992 and 1991

	1992	1991
DEFERRED PATRONAGE DIVIDENDS:		
Balance assigned beginning of year	$ 5,867,255	$ 5,617,255
Net margin	1,852,250	989,049
Lease revenue deferred patronage dividends	21,075	15,150
	7,740,580	6,621,454
Patronage dividends paid	(250,000)	(250,000)
Appropriation of margin -		
Reserve for contingent losses	(873,325)	(254,199)
Statutory surplus	(250,000)	(250,000)
Balance assigned end of year	$ 6,367,255	$ 5,867,255

OTHER EQUITIES:
(Appropriated Margins)

	Statutory Surplus	Reserve for Contingent Losses	Total
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
Appropriation of margin	250,000	873,325	1,123,325
Balance December 31, 1992	$ 2,599,484	$ 10,591,674	$ 13,191,158

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

Notes to Financial Statements

December 31, 1992 and 1991

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% for 1992 and 1991.

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 3.08% and 3.05% for 1992 and 1991, respectively.

A site-specific estimate of the decommissioning costs of DAEC was updated in 1992. This report estimated the Cooperative's share of the decommissioning costs of DAEC to be approximately $31,756,790 (in 1992 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 $568,333 and $545,718 for 1992 and 1991, respectively, and were determined based on the previous decommissioning study. The 1992 study will be used to determine expense and funding beginning in 1993.

The total decommissioning funds accumulated at December 31, 1992 were $5,669,878, of which $2,703,024 has been placed in a fund legally restricted for use in decommissioning DAEC. The remaining $2,966,854, while not legally restricted, has been designated by the Cooperative for use in decommissioning DAEC. The interest component shown as other interest was $511,660 and $415,443 for 1992 and 1991, 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 generati n of electric energy. Such amortization was $1,618,108 and $2,140,169 for 1992 and 1991, 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 $1,378,502 and $1,654,543 for 1992 and 1991, respectively.

Notes to Financial Statements

December 31, 1992 and 1991

E. **Interest During Construction** -

Interest during construction represents the cost of funds used for construction and nuclear fuel refinement. The average rate was 6.9% and 6.6% for 1992 and 1991, 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. Cash paid for interest, net of interest capitalized, was $8,277,145 and $8,377,509 for 1992 and 1991, respectively.

I. **Cash and Investments** -

The Cooperative has cash and investments in the following:

	1992	1991
Obligations of the U.S. government and its agencies	$ 4,489,811	$ 5,027,109
Corporate Bonds	1,468,765	958,993
Common and preferred stock	1,467,689	1,021,849
National Rural Utilities Cooperative Finance Corporation commercial paper	7,375,931	8,465,960
Cash and CD's deposited with federally insured financial institutions	1,261,115	1,157,975
Funds held in trust invested primarily with Iowa Public Agency Investment Trust	5,680,385	4,939,656
Economic development investments	1,134,109	1,097,781
Other investments	225,847	144,205
	$ 23,103,652	$ 22,813,528

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

	1992	1991
Decommissioning fund	$ 5,669,878	$ 4,606,159
Other investments and receivables	8,282,058	8,698,958
Cash and cash equivalents	7,948,509	8,975,788
Short-term investments	1,203,207	532,623
	$ 23,103,652	$ 22,813,528

The above amounts include $6,740,211 and $6,547,155, at December 31, 1992 and 1991, respectively, which must be used to fund construction of electric plant. The carrying amounts of Cash and cash equivalents and Short-term investments of $9,151,716 at December 31, 1992 approximate the fair value because of the short maturity of these investments.

The fair value of decommissioning fund investments and other investments and receivables are based on quoted market prices for those or similar investments, where available. The fair value and carrying costs of these investments were approximately $12,817,000 and $12,417,000, respectively, at December 31, 1992.

Notes to Financial Statement

December 31, 1992 and 1991

For Other investments and receivables of $1,535,000 at December 31, 1992, for which there were no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. These investments included $1,000,000 invested in the preferred stock of the Iowa Capital Corporation (ICC). The ICC is a for-profit corporation established for the purpose of advancing economic development in the state of Iowa. After payment of operating costs and certain reserves, the net proceeeds of ICC will be paid to the preferred stockholders, including the Cooperative, until the preferred stock investment plus a 15% cumulative return has been returned. After which, any remaining proceeds will be spilt 2/3 to the preferred stockholders and 1/3 to the common stockholders (the state of Iowa).

Additionally, at December 31, 1992, the Cooperative has on its balance sheet an investment of $2,516,418, with the National Rural Utilities Cooperative Financial Corporation (CFC). This investment is required in order to allow the Cooperative to borrow funds from CFC. The investment earns interest of 5% on $2,195,507 which matures between 2070 and 2080 and 3% on $320,911 which matures between 2007 and 2025.

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 1992 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 $873,325 of the 1992 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 maxin.ums. The Board of Directors has appropriated $750,000 of the 1992 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 CFC unless the remaining equity meets certain tests. The Cooperative does not meet these tests at December 31, 1992. However, the Cooperative received permission and retired $250,000 of the 1981 patronage dividends during 1992.

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:

	1992	1991
Mortgage notes due in quarterly installments -		
REA 2%, due 1993-2008	$ 17,115,904	$ 18,536,453
REA 5%, due 1993-2019	28,030,594	28,772,947
FFB 7.3%-13.5%, due 1993-2019	72,575,198	74,172,187
	117,721,696	121,481,587
Capital lease obligations - Webster City Revenue Bonds 4.7%-7.5%, due 1993-2002	6,628,511	7,298,714
Pollution control revenue bonds - 5%-6.25%, due serially 1993-1997 and term due 2007	2,855,000	2,975,000
	$ 127,205,207	$ 131,755,301

Notes to Financial Statements

December 31, 1992 and 1991

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

Year	Maturity
1993	$ 4,619,832
1994	4,649,104
1995	4,774,553
1996	5,015,061
1997	5,222,918

In connection with the mortgage notes, the Cooperative had available at December 31, 1992, $3,882,000 from CFC to meet future borrowing needs. Currently, the Cooperative is awaiting final approval of loan documents for $12,011,000 from the FFB to be used for qualifying construction projects. The Cooperative has $1,514,323 of unreimbursed capital additions which it anticipates will be funded by the new FFB loan in 1993. The Cooperative had available at December 31, 1992, 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.

Based on the borrowing rates currently available to the Cooperative for debt with similar terms and maturities, the fair value of long-term debt is $129,730,335 at December 31, 1992.

In 1992, the Cooperative paid the FFB $650,239 to reduce the interest rate on a number of its FFB debt issues. The fee has been deferred and is being amortized over five years which corresponds with the period the Cooperative is recovering the fee in rates. The present value savings as a result of the interest rate reduction, less the fee, was $1,484,669.

NOTE (5) CONSTRUCTION COMMITMENTS:

Total construction expenditures for 1993, including expenditures for the jointly-owned units, are estimated to be $9,377,270 of which $174,560 is for the purchase of nuclear fuel at DAEC.

In 1991, a severe ice storm resulted in $760,883 of damage to the Cooperative's system, of which $644,747 was capitalized in 1992 and $45,902 and $70,234 was expensed to maintenance in 1992 and 1991, respectively.

NOTE (6) JOINT PLANT OWNERSHIP:

Under joint-ownership agreements with other Iowa utilities, the Cooperative had undivided interests at December 31, 1992 in three electric generating units as shown below:

	Neal Unit #4	Council Bluffs Unit #3	Duane Arnold Energy Center
Total electric plant	$ 44,234,086	$ 13,590,711	$ 64,217,734
Accumulated depreciation	$ 18,419,893	$ 5,712,078	$ 21,236,707
Unit accredited capacity - MW	610	674	540
Cooperative's share-percent	11.30%	3.8%	10.0%
Capital cost per KW	$ 642	$ 531	$ 1,189

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.

Notes to Financial Statements

December 31, 1992 and 1991

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 1992 and 1991 includes the following components:

	1992	1991
Service cost-benefits earned during the period	$ 312,437	$ 355,298
Interest cost on projected benefit obligation	358,167	373,575
Reduction in pension cost from actual return on assets	(436,225)	(541,808)
Net amortization and deferral	79,052	189,617
Net periodic pension cost - employees	(94,029)	(113,005)
Net periodic pension cost - employer	219,402	263,677
Change in expenses due to rate regulation	(219,402)	(263,677)
Total pension cost	$ —	$ —

	1992	1991
Assumptions used were:		
Discount rate	6.50%	6.50%
Rate of increase in compensation levels	5.50%	5.50%
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, 1992 and 1991:

	1992	1991
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 3,631,411	$ 3,668,338
Nonvested benefit obligation	281,785	241,374
Accumulated benefit obligation	3,913,196	3,909,712
Provision for future pay increases	1,975,404	1,755,787
Projected benefit obligation	5,888,600	5,665,499
Plan assets at fair value	4,640,142	4,744,703
Projected benefit obligation greater than plan assets	(1,248,458)	(920,796)
Unrecognized net loss	68,112	84,865
Unrecognized prior service cost	22,628	25,030
Unrecognized net transition obligation	515	635
Accrued pension cost recognized in the balance sheets	$(1,293,427)	$ (979,996)

The Cooperative anticipates making a funding contribution in 1993.

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.

Notes to Financial Statements

December 31, 1992 and 1991

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 1992 and 1991, $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 $4,762,963 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 1992 and 1991 operating expenses were $499,217 and $479,135 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.

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) NATIONAL ENERGY POLICY ACT:

The Federal National Energy Policy Act of 1992 requires owners of nuclear power plants to pay a special assessment into a "Uranium Enrichment Decontamination and Decommissioning Fund." The assessment is based upon prior nuclear fuel purchases and for the DAEC approximates $1,230,000 annually through 2007, of which the Cooperative's 10% share is $123,000. The Cooperative's total assessment, of $1,845,000, payable over 15 years, has been recorded in other long-term liabilities in the balance sheet with a corresponding deferred charge. The deferred charge will be recovered in rates over 15 years.

Notes to Financial Statements

December 31, 1992 and 1991

NOTE (13) NUCLEAR INSURANCE PROGRAM:

The Cooperative, under the provisions of the Price-Anderson Amendments Act of 1988 (the 1988 Act), has the benefit of $7.8 billion of public liability coverage. The coverage consists of $200,000,000 of insurance and $7.6 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 $66,000,000 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 $6,600,000 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 $571,000 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.

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Arthur Andersen & Co.

33 West Monroe Street
Chicago IL 60603-5385

February 19, 1993

Board of Directors of
Corn Belt Power Cooperative
1300 Thirteenth Street North
Post Office Box 508
Humboldt, Iowa 50548-0508

Dear Sirs:

We have audited the financial statements of Corn Belt Power Cooperative for the year ended December 31, 1992 and have issued our report thereon dated February 19, 1993. We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Electrification Association (REA) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Corn Belt Power Cooperative for the year ended December 31, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

A description of the responsibility of management for establishing and maintaining the internal control structure and the objectives of and the inherent limitations in such a structure is set forth in our Report of Independent Public Accountants on Internal Control Structure dated February 19, 1993, and should be read in conjunction with this report.

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 condition in which the design or operation of the specific 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 of 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. However, we noted no matters involving the internal control structure and its operation that we consider to be a material weakness as defined above.

7 CFR Part 1773.34 requires comments on specific aspects of the internal control structure, compliance with specific REA loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control structure, of compliance with specific REA loan and security instrument provisions, and of additional matters. The specific aspects of the internal control structure, compliance with specific REA loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific REA loan and security instrument provisions set forth in 7 CFR Part 1773.34(e)(1), related party transactions, and depreciation rates. The additional matters tested also include a schedule of deferred debits and credits, upon which we express an opinion. In addition, our audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control structure, compliance with specific REA loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our Report of Independent Public Accountants, our Report of Independent Public Accountants on Compliance with Applicable Laws and Regulations, and our Report of Independent Public Accountants on Internal Control Structure, all dated February 19, 1993) or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the internal control structure, compliance with specific REA loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.34 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL STRUCTURE

We noted no matters regarding Corn Belt Power Cooperative's internal control structure and its operation that we consider to be a material weakness as previously defined with respect to:

- the accounting procedures and records;
- the process of accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts; and,
- the materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC REA LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts, and grants is set forth in our Report of Independent Public Accountants on Compliance with Applicable Laws and Regulations dated February 19, 1993, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, and contracts. The procedures we performed are summarized as follows:

- o Procedures performed with respect to the procurement and maintenance of borrower insurance and insurance for contractors, engineers and architects performing work under contracts with borrowers in accordance with 7 CFR Part 1788 as of December 31, 1992 of Corn Belt Power Cooperative:

  - oo Obtained and read the borrower's annual certification of insurance coverage, which stated that during 1992 all insurance required by 7 CFR Part 1788 was in force and renewals had been obtained for all policies.

  - oo Obtained and read a borrower prepared schedule of insurance policies in force and agreed the name of the insurance company, specific type of policy, policy number, expiration date, and the amounts of coverage to corresponding insurance policies.

  - oo Compared the borrower prepared schedule of insurance policies in force with the specific REA minimum requirements as enumerated in Subpart B of 7 CFR Part 1788 for each required type of coverage and noted REA required coverage had been met.

  - oo We were informed by the borrower that as of December 31, 1992 there were no written contracts with contractors, engineers or architects performing capital asset-related construction work for the borrower.

  - oo Reviewed Board of Director minutes to ascertain whether there were board-approved written contracts as of December 31, 1992 with contractors, engineers or architects performing capital asset related construction.

- o We were informed by the borrower that there were no insurance proceeds for the year ended December 31, 1992.

- o Procedure performed with respect to the requirement to maintain all funds in institutions whose accounts are insured by any agency of the Federal government:

  - oo Obtained information from financial institutions with which Corn Belt Power Cooperative maintains funds that indicated that the institutions are insured by an agency of the Federal government.

- o Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of all or any part of its property, or for the use by others of its property for the year ended December 31, 1992 of Corn Belt Power Cooperative:

  - oo Obtained a statement from the borrower which indicated that no new written contracts were entered into during the year for the operation or maintenance of all or any part of its property, or for the use of its property by others.

  - oo Reviewed Board of Director minutes to ascertain whether there were board-approved written contracts entered into during the year for the operation or maintenance of all or any part of the borrower's property, or for the use of its property by others.

- o Procedure performed with respect to the requirement to submit REA Form 7 or Form 12 to the REA:

  - oo Agreed amounts reported in Form 12 to Corn Belt Power Cooperative's records.

The results of our tests indicate that, with respect to the items tested, Corn Belt Power Cooperative complied in all material respects, with the specific REA loan and security instrument provisions referred to below. 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. The specific provisions tested include the requirements that:

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- the borrower's insurance coverage in force as of December 31, 1992, and the application of insurance proceeds received during the year ended December 31, 1992 are in accordance with 7 CFR Part 1788;

- the borrower has obtained a certificate of insurance from contractors, architects and engineers performing in capital asset-related construction work in progress as of December 31, 1992;

- the borrower maintains all funds in institutions whose accounts are insured by an Agency of the Federal government;

- the borrower has obtained written approval of the REA to enter into any contract for the operation of maintenance of all or any part of its property, or for the use by others of its property; and,

- the borrower has submitted its Form 7 or Form 12 to the REA and the Form 7 or Form 12, Financial and Statistical Report as of December 31, 1992, as submitted to the REA is in agreement with Corn Belt Power Cooperative's records in all material respects.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Corn Belt Power Cooperative, nothing came to our attention that caused us to believe that Corn Belt Power Cooperative failed to comply with respect to:

- the reconciliation of subsidiary plant records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.34(c)(1);

- the clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.34(c)(2);

- the retirement of plant addressed at 7 CFR Part 1773.34(c)(3) and (4);

- sales of plant, material, or scrap addressed at 7 CFR Part 1773.34(c)(5);

- the disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standard (SFAS) No. 57, "Related Party Transactions", for the year ended December 31, 1992 in the financial statements referenced in the first paragraph of this report addressed at 7 CFR part 1773.34(f); and,

- depreciation rates addressed at 7 CFR Part 1773.34(g).

DETAILED SCHEDULE OF INVENTORY DIFFERENCES

A detailed schedule of differences between physical inventory, perpetual inventory records, and the general ledger (identifying gross overages and gross shortages) is provided below. This schedule is not a required part of the basic financial statements, but is supplementary information required by 7 CFR Part 1773.34(d). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the supplementary information. However, we did not audit the information and therefore express no opinion on it. The differences noted below were adjusted during 1992 with an offsetting adjustment to Account 186, "Miscellaneous Deferred Debits."

	Balance at Date of Physical Count (unaudited)			
	General Ledger	Perpetual Records	Physical Count	Overage/ (Shortage)
Total of inventory counts in which dollars related to the physical count was less than the general ledger and perpetual inventory records	$1,228,400	$1,228,400	$1,227,725	($675)
Total of inventory counts in which dollars related to the physical count exceeded the general ledger and perpetual inventory records	$ 750,980	$ 750,980	$ 751,966	$986
				$311

DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The detailed schedule of deferred debits and deferred credits required by 7 CFR Part 1773.34(h) and provided below is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deferred debits-

	As of December 31, 1992
Deferred spent nuclear fuel disposal costs	$ 880,968*
Deferred refueling costs	964,144*
Deferred pension costs	1,293,427*
Unamortized loss on reacquired debt	487,960*
Deferred Department of Energy decommissioning costs	1,845,000**
Other (miscellaneous nonconcurrent assets)	324,715
	$5,796,214

Deferred credits-

Accrued pension liability	$1,293,427

*Item has received REA written approval.
**We have been informed that Corn Belt Power Cooperative intends to request REA approval.

This report is solely for the information and use of the board of directors, management, and the Rural Electrification Administration and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

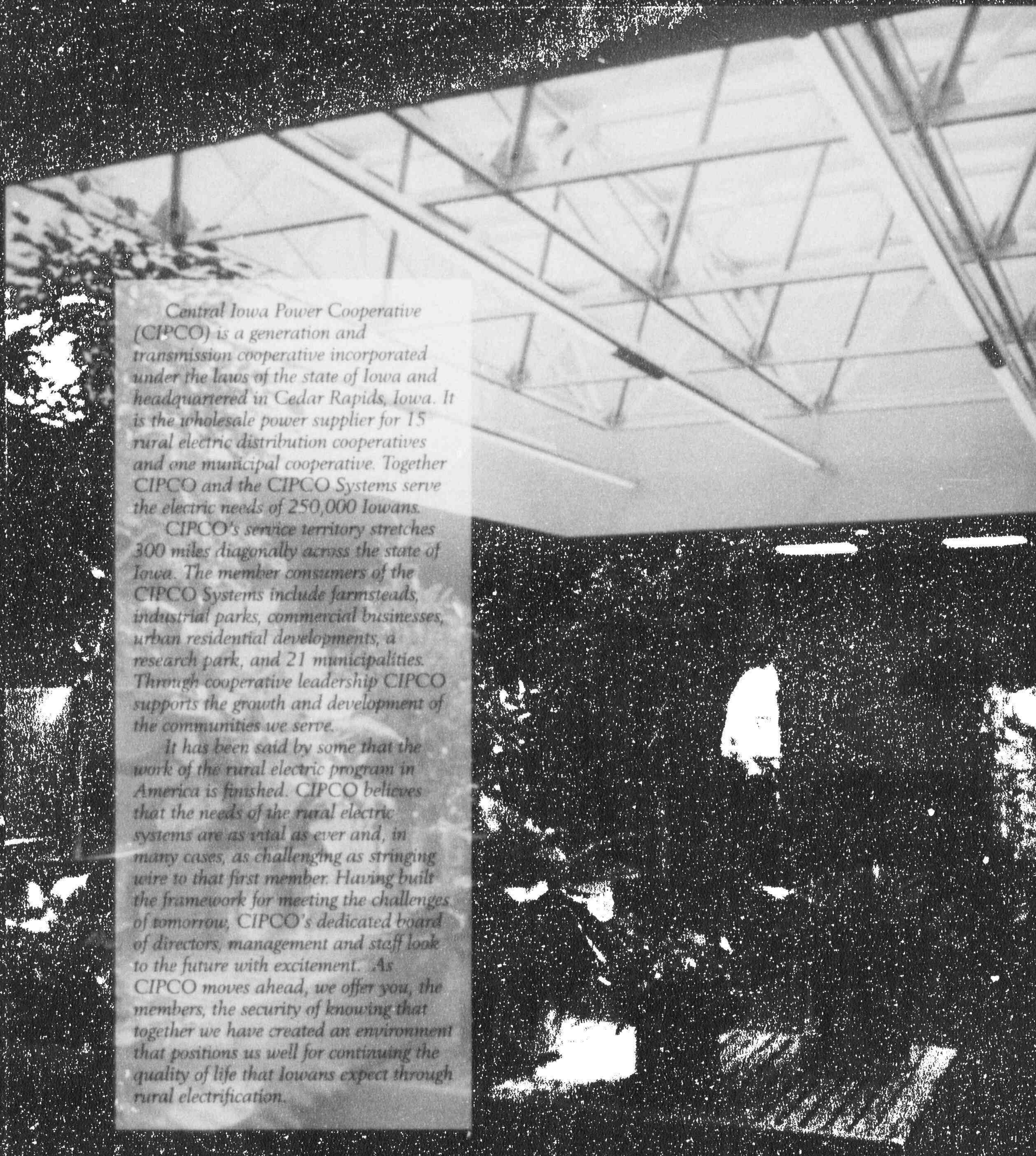
8436Q

CIPCO & You...

Creating an Environment for the Future.

1992 Annual Report

CENTRAL IOWA POWER COOPERATIVE



Central Iowa Power Cooperative (CIPCO) is a generation and transmission cooperative incorporated under the laws of the state of Iowa and headquartered in Cedar Rapids, Iowa. It is the wholesale power supplier for 15 rural electric distribution cooperatives and one municipal cooperative. Together CIPCO and the CIPCO Systems serve the electric needs of 250,000 Iowans.

CIPCO's service territory stretches 300 miles diagonally across the state of Iowa. The member consumers of the CIPCO Systems include farmsteads, industrial parks, commercial businesses, urban residential developments, a research park, and 21 municipalities. Through cooperative leadership CIPCO supports the growth and development of the communities we serve.

It has been said by some that the work of the rural electric program in America is finished. CIPCO believes that the needs of the rural electric systems are as vital as ever and, in many cases, as challenging as stringing wire to that first member. Having built the framework for meeting the challenges of tomorrow, CIPCO's dedicated board of directors, management and staff look to the future with excitement. As CIPCO moves ahead, we offer you, the members, the security of knowing that together we have created an environment that positions us well for continuing the quality of life that Iowans expect through rural electrification.

1992

A Word From the President

Iowa is a great place to live. We have four seasons to enjoy, each with its own charm and beauty. Driving through the countryside, there are scenes that cannot be seen in a city of steel and concrete. We see miles of crops that will help feed the nation and world, sunrises and sunsets that are clear and pollution free, deer and other wildlife running free, and friendly people that reflect the Midwestern lifestyle—this is Iowa.

There are other things that reflect the quality of life that Iowans have come to enjoy. One of these is rural electrification. Since 1946 CIPCO has been involved in the development of rural Iowa. Working with the member distribution cooperatives, we have made an impact on rural America. However, there have been changes since those first electric lines were strung.

In recent years we have seen the population decrease as the farm economy slipped. The last census showed that Iowa's population was down enough to decrease our representation in Congress by one member. This has also eaten into the electric sales of the member systems.

CIPCO and the CIPCO Systems have joined together with other RECs across Iowa to combat these problems of eroding load. Through economic development and marketing incentives, we have encouraged growth and are bringing people back to rural Iowa. Also, urban housing developments are on the increase in the Iowa countryside. CIPCO is meeting the challenge of these changes by looking for new opportunities for its members and their consumers.

One example is the Lake Panorama area served by Guthrie County REC. The lake initially was purchased out of bankruptcy in the late 1970's as a water source for a proposed power plant. It continues to be a valued asset for future power supply expansion. This investment also solidified the interest of potential home builders and opened the door for growth of residential housing on Guthrie County REC lines. Additional investments in the lake area will allow for continued growth which has been at a rate of 30-40 new homes each year. The growth at Lake Panorama, or any growth on the system, is good for the local REC, and it is good for the other members of the CIPCO Systems.

The Rural Electrification Administration (REA) which is part of the Department of Agriculture has recently been under fire. Some of the most biased and subjective media misrepresentation in years has been dropped on the American public about REA. They contend that the job of electrifying rural America is finished.

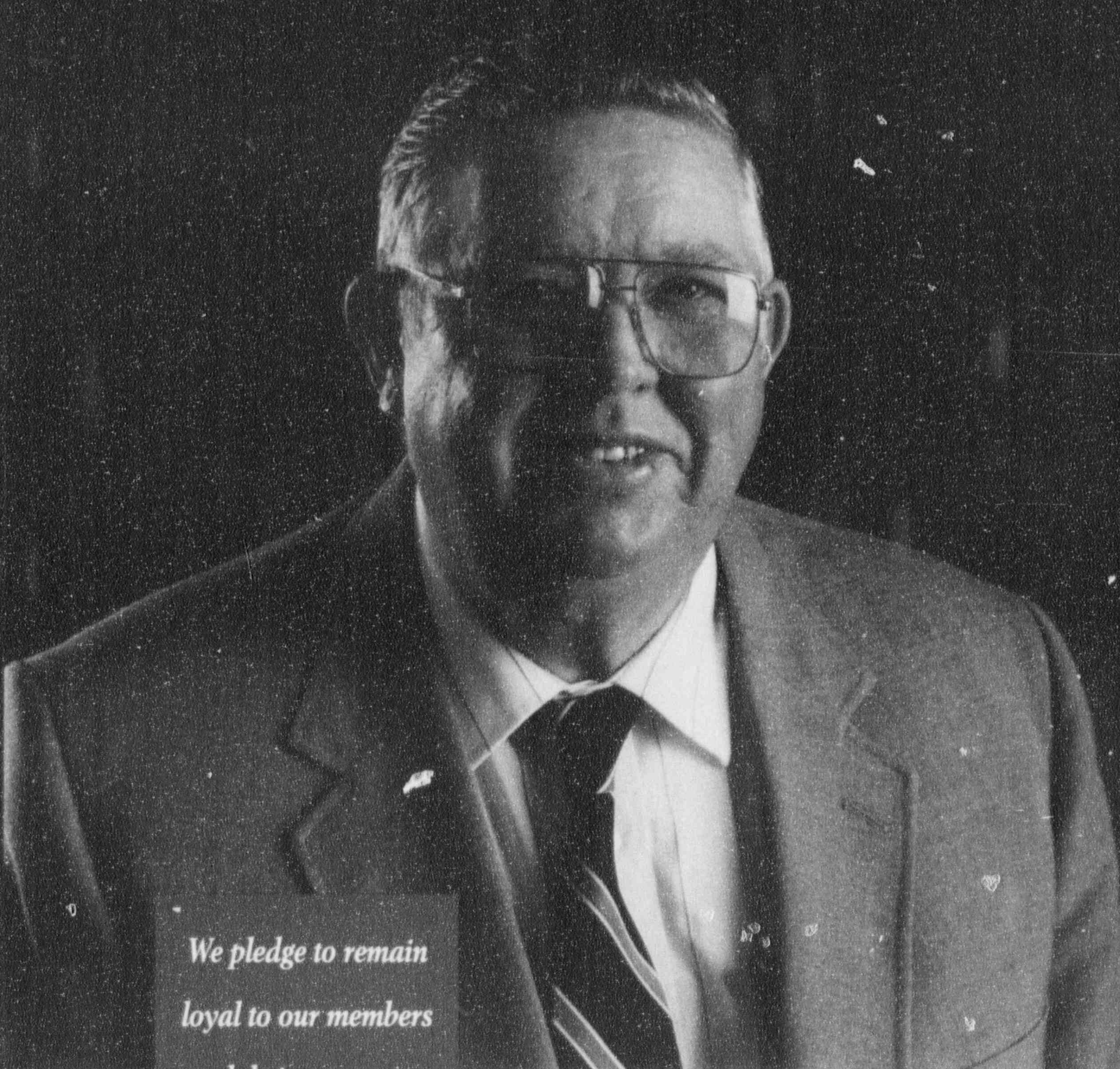
One of the specific charges is that the rural electrics are now being subsidized unnecessarily. What you do not hear is that investor-owned utilities and municipals are also being subsidized in the form of tax benefits. According to an analysis of the Economics Division of the National Rural Electric Cooperative Association (NRECA), federal assistance to the rural electric program in 1991 was $51.28 per consumer in the form of low interest loans. Government subsidies in the form of tax benefits to the investor-owned utilities were $64.73 per consumer and for municipal utilities $90.71 per consumer.

We at CIPCO feel there is still a need for the rural electric program. The job may be different than it was in the 1950s, but there still is work to be done. Lines and stations must be maintained. Even though new loads may not be the traditional farm operations, small industry, urban housing, and tourist attractions are only a few of the types of new loads that rural America can expect. Future power supply responsibilities are still a concern of the G&Ts across the country.

CIPCO has the responsibility of continuing support to its member systems who serve rural Iowa. We pledge to remain loyal to our members and their consumers in our efforts to supply their electrical needs at a reasonable cost. We have a dedicated board of directors, management and staff. We are working together with the member systems to adapt to change and to meet the challenges ahead.

James Wenstrand

James Wenstrand
President



We pledge to remain loyal to our members and their consumers in our efforts to supply their electrical needs at a reasonable cost.

1992

A Word From the General Manager

1992 was again a successful year for CIPCO. Although energy sales decreased slightly from the previous period, our margin for the year is consistent with the target established by Board Policy and reflected in our Equity Plan. During the year we completed the documentation and guarantee agreements necessary to facilitate the execution of our long-term debt contract with REA. Improvement in our operations is evidenced by the decrease in outage hours.

As we pause to reflect on these accomplishments, we need to be mindful that future successes will require our continued dedication and focused efforts. It is becoming increasingly difficult to achieve our goals in today's business climate. The decisions we make are tested almost daily by new rules and regulations, by changes in our financing options, as well as in the operation and expectations of our member cooperatives.

CIPCO is prepared to meet these challenges through a system for planning and program review developed in recent years. We began this process in 1985 and continued with refinements which have enabled us to respond to these new and changing influences in a timely manner. In 1988 our planning focus was on marketing and economic development. More recently our efforts have been directed to program implementation and policy refinement. During 1992 we initiated our evaluation of the current issues and outlined the timetable for completion of the various studies necessary to begin the next planning phase.

The process is continuing as we identify traditional solutions to our power supply needs in addition to making an assessment of the demand-side opportunities which may prove cost effective. We are concurrently reviewing our capital requirements, available resources and our investment strategies. These evaluations will be completed by June 1993. It is our intention to then kick-off a series of joint planning sessions with the CIPCO Board and participants from each of the member systems. We expect to document our vision and draft a program and implementation process which will insure our success through the next several years.

The success of our previous planning efforts is demonstrated by positive results from our current programs. CIPCO recognized that the erosion of sales needed to be reversed and initiated marketing and economic development programs to improve the outcome for the members. In 1992 the CIPCO Systems divided over $1,375,000 in power bill credits and rebates. These programs generated over 80,000,000 kWhs in sales.

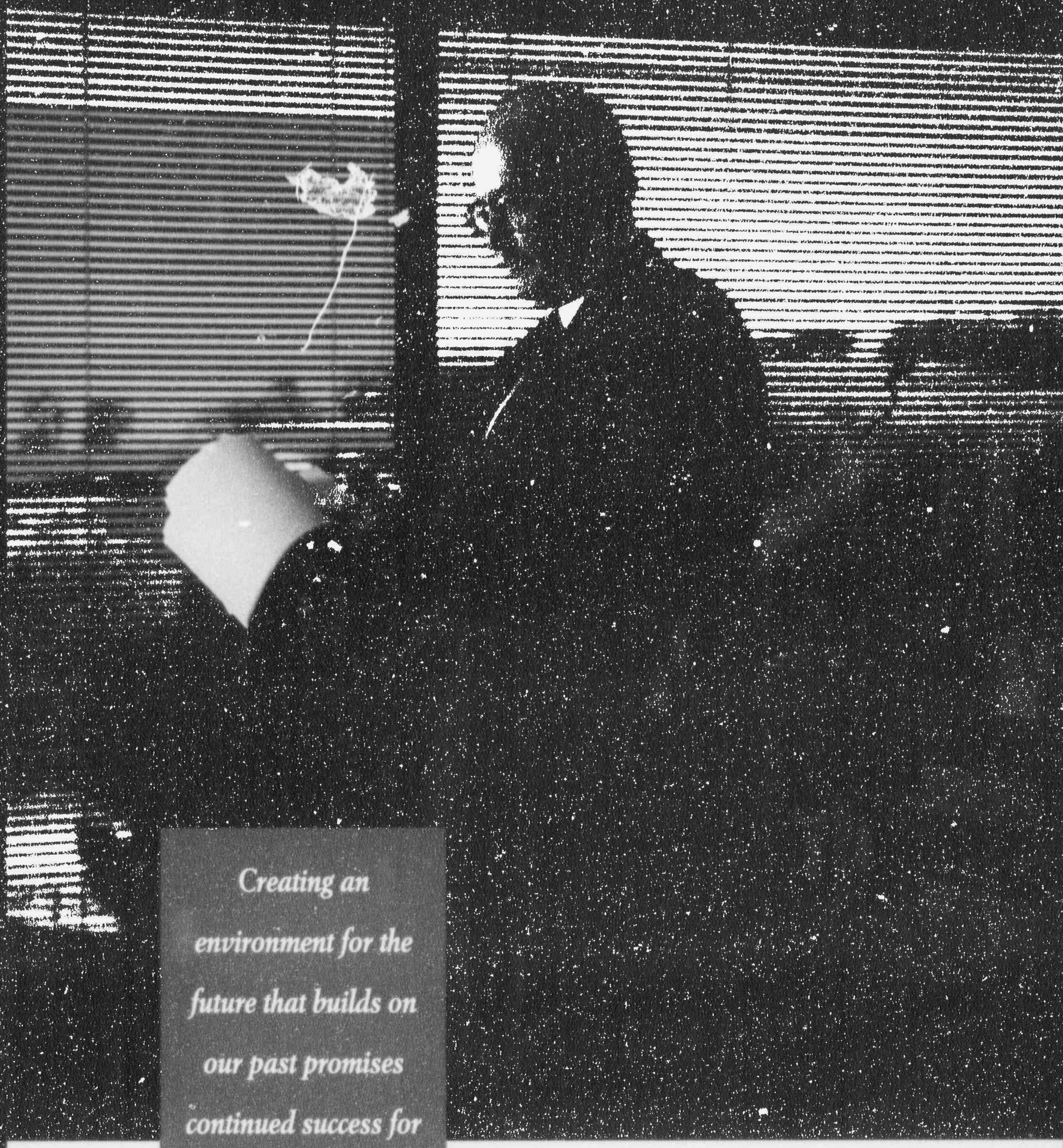
Since 1985 the Iowa Area Development Group (IADG), the Cooperative's economic development organization, has been responsible for bringing $550 million of capital investment and 14,000 jobs to Iowa.

Knowing that the business environment of utilities is changing, we are constantly reviewing our options. The path to the future will be different than the road of the past, but CIPCO is prepared to deal with each new situation as it develops.

Another year has passed. We talk constantly about change. We spend a lot of time looking into the future, but there are no crystal balls. Meeting the challenges of change and seizing the opportunities as they are presented keeps us moving forward with a purpose. Creating an environment for the future that builds on our past promises continued success for CIPCO and its member systems.

Dennis L. Murdock

Dennis L. Murdock
Executive Vice President
and General Manager



Creating an environment for the future that builds on our past promises continued success for CIPCO *and its member systems.*

1992

The environment in which a business operates is affected by many factors. Creating an environment that is progressive, adapts well to change, is financially sound, fosters commitment among employees, is not afraid of risk, enjoys good working relationships with affiliates, satisfies the needs of the ownership, and ultimately is a success, does not happen by chance. Partnerships are developed through trust and confidence over periods of time during which conflict and compromise cultivate decisions that serve the good of all. Such is the history of CIPCO and its member distribution cooperatives.

The board of directors and management of CIPCO have created a successful business environment that positions CIPCO well in the industry. Planning and prudent risk-taking go hand-in-hand with success. The electric utility industry is changing, and CIPCO cannot maintain its level of success by remaining stagnant. The goal must be to move ahead and create an environment that nurtures the success of the past and assures that the business remains sound in the future.

CIPCO is the power supplier for its member systems. However, it is also in partnership with these members—always supporting them in their efforts to serve the member consumers. CIPCO supports its members with expertise on environmental issues, marketing, communications, safety, economic development, employee training, data systems, planning and more. CIPCO and the CIPCO Systems move ahead confident that together they have created an environment for a future that ensures reliable, economically priced electricity for the membership.

CIPCO's Executive Committee includes, back row (l-r): Secretary-Treasurer Dale Newman, President James Wenstrand, and Vice President Franklin Walter. Front row (l-r): Assistant Secretary-Treasurer Eldo Meyer and Executive Vice President Dennis Murdock.

The board of directors and management of CIPCO have created a successful business environment that positions CIPCO well in the industry.

Franklin G. Walter
Adams County Cooperative Electric Company

Eldo H. Meyer
Benton County Electric Cooperative Asssociation

Melvin W. Neil
Buchanan County Rural Electric Cooperative

James W. Van Ryswyk
Clarke Electric Cooperative, Inc.

Lawrence L. Quinn
Eastern Iowa Light and Power Cooperative

Ray Hitchcock
Farmers Electric Cooperative, Inc.

Keith D. Wirt
Guthrie County Rural Electric Cooperative Association

Phyllis J. Hoge
Linn County Rural Electric Cooperative

Dale R. Newman
Maquoketa Valley Rural Electric Cooperative

James B. Paper
Marshall County Rural Electric Cooperative

Alvin D. Lund
Midland Power Cooperative

James P. Wenstrand
Nyman Electric Cooperative

Norman L. Van Zante
Pella Cooperative Electric Association

Richard G. Mickelson
Rideta Electric Cooperative, Inc.

Duane R. Armstead
South Iowa Municipal Electric Cooperative Association

Wayne R. Wilcox
T.I.P. Rural Electric Cooperative

1992

People and Facilities

CIPCO has always put a great deal of value in its employees. Their experience, expertise, loyalty, diligence and day-to-day attention to their responsibilities leave a trail of success over the past 46 years. Creating an environment that ensures that this continues is becoming more and more complicated for CIPCO's human resources professionals. Attention to rules and regulations has become a very time intensive task as the rules can change daily.

Traditionally, employees have had the right to quit or resign whenever they wanted. Similarly, employers have had the right to terminate employees not subject to an employment contract at any time and for any reason not prohibited by statute. This relationship is referred to as employment-at-will. However, over time, the employer's rights have eroded.

CIPCO's operating groups are led by Richard Anderson (above) Director of Utility Operations; Dwayne Augspurger (above-right) Director of Corporate Operations; and Craig Fricke (right) Director of Business Operations.

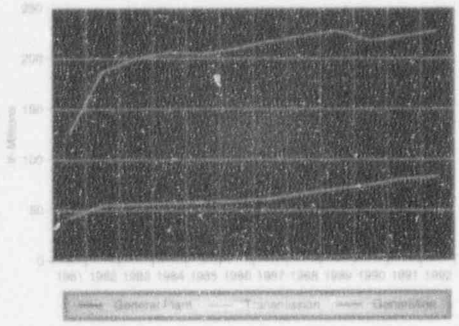
Legal prohibitions of discriminatory employment practices have been in effect for decades. Title VII of the Civil Rights Act of 1964 requires employers to ensure that all personnel actions, such as compensation, benefits, promotions, training and education, and social/recreational programs are administered without regard to race, color, religion, age, sex, or national origin. Further, employment constraints are imposed by the Age Discrimination in Employment Act, Vietnam Era Veteran's Readjustment Act and Rehabilitation Act of 1973.

The Clarence Thomas confirmation hearings brought to the forefront the significance of the issue of sexual harassment. Defined as a form of sex discrimination, sexual harassment is an unlawful employment practice in violation of Title VII of the Civil Rights Act of 1964. An employer is liable for sexual harassment when it fails to take "immediate and appropriate corrective action." An employer is responsible for acts of sexual harassment when it knows, or should have known, of the conduct. Thus, employers may be subject to suit and monetary damages if they fail to remedy even unreported cases of sexual harassment.

Two legislative mandates more recently enacted have placed additional restraints on employers. The Americans With Disabilities Act (ADA) of 1990 became effective July 26, 1992. Title I of the law prohibits employers from discriminating in hiring and promoting based on physical or mental impairment, and requires employers to explore possible "reasonable accommodations" to adjust the work environment, job tasks or work schedule to enable employees to perform a job.

The Civil Rights Act of 1991 significantly changed the enforcement structure of the various anti-discrimination laws. Possibly the Act's most significant change is the addition of the right to demand a jury trial and the ability to receive damage awards. Plaintiffs proving intentional acts of discrimination may recover compensatory (e.g., pain, suffering, loss of enjoyment) and punitive damages in addition to the

Plant Investment



traditional remedies of back pay and reinstatement. Jurors, with a tendency of sympathizing with employees, consciously or unconsciously shift the burden of proof to employers. As a result, juries are likely to award damages to employees if any unfairness or employer misconduct, no matter how negligible, is perceived.

Courts have further restricted the at-will employment relationship through the application of contract law. Exceptions to the at-will relationship have been based on express or implied promises of job security made in written and verbal communications to employees. Court decisions such as these have necessitated the close scrutiny of every communication made to employees including recruitment materials, employment applications, statements made in interviews, employment offer letters, policy manuals, employee handbooks and performance evaluations. What used to be considered an employer's standard communication may now be an expensive piece of evidence used against them in a wrongful discharge suit.

Maquoketa Valley REC crews tighten hardware on CIPCO's Backbone 34.5 kV Tap. ▼

Public policy and tort law further deteriorate the at-will relationship. Public policy protects employees from termination for exercising a legally protected right such as filing a workers' compensation claim or serving on a jury. Additionally, public policy protects "whistle blowers" who refuse to break the law. A tort action usually follows from a wrongful act resulting in injury. In the employment context, a tort liability often involves conduct by the employer that leads to such claims as intentional infliction of emotional distress, defamation, invasion of privacy and negligence. These claims often result from theft investigations, public confrontations, searches, and drug or alcohol testing.

Given this legal framework and the litigious society in which we find ourselves, it has become increasingly necessary that human resources professionals focus on the legal ramifications of employment activities. This trend is expected to continue as the AIDS epidemic progresses and issues such as health care reform, family leave, and employee off-the-job activities further define employee and employer rights.

All of these issues affect the environment in which CIPCO's employees work, and efforts to comply comprise a major portion of day-to-day activities of the Human Resources Department .

The physical environment of CIPCO's headquarters building changed in 1992 with the completion of an 11,806 square foot addition and the remodeling of the existing structure. As services and responsibilities to the members have increased, so has the need for additional staff and equipment. These new and refurbished facilities are another step in creating an environment allowing CIPCO to continue to serve its members well.

Finances

The board of directors and staff are committed to keeping CIPCO in a strong financial position. Total assets as of December 31, 1992, were

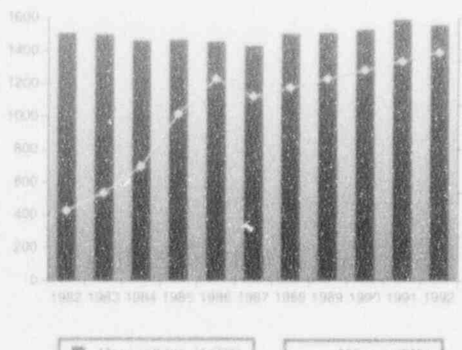
1992

$263.8 million with net utility plant standing at $215.0 million.

Investments of $10.5 million were made in utility plant, all of which were financed with internally generated funds. No long-term funds were expended in 1992.

CIPCO must prepare for dismantling its nuclear facility, the Duane Arnold Energy Center (DAEC), in the future. A nuclear decommissioning fund has been established for this purpose. Investments in this fund had a market value of $9.0 million at year end. Of this amount, $5.0 million is held directly by CIPCO in U.S. Treasury bonds and $4.0 million by a trustee on behalf of CIPCO in conformity with the Nuclear Regulatory Commission (NRC) requirements.

Energy Sales

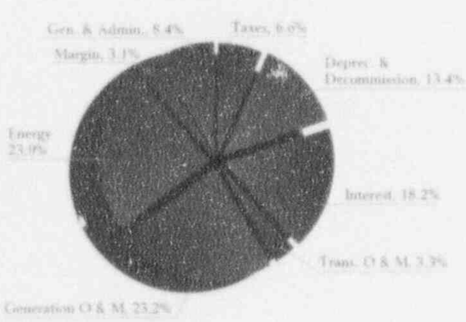


Under a mutually beneficial power bill prepayment program, member distribution systems had advanced prepayments of $2.9 million to CIPCO as of December 31, 1992.

Total long-term debt as of December 31, 1992, was $204.4 million. This is a net decrease of $5.5 million due primarily to principal repayments during the year. CIPCO owes $172.9 million of this debt to the REA and the Federal Financing Bank (FFB).

No short-term debt was outstanding at year end under a $12 million line of credit with the National Rural Utilities Cooperative Finance Corporation (CFC).

Operating Expense



Megawatt-hour sales decreased slightly in 1992 from the previous year by 2%. Revenue from sales of electric power and energy was $80 million. Revenue per kilowatt-hour to CIPCO's member systems averaged 51.5 mills.

CIPCO property taxes on utility property in 49 counties in Iowa increased 4.9% to $5.2 million.

Net margin of $2.6 million in 1992 reflects a continuing history of positive operating results for CIPCO and its members. Member equity stands at $36.0 million which represents 13.6% of total assets.

Planning

CIPCO continues to expand its planning process to evaluate the wide range of emerging issues which will affect business for CIPCO and its members in the future. The Iowa legislature has adopted a requirement for integrated resource planning and for electric and gas utilities to file energy efficiency plans with the Iowa Utilities Board (IUB). An Integrated Resource Plan (IRP) is the combining of resources to satisfy energy requirements for the lowest cost to the utilities and the consumers.

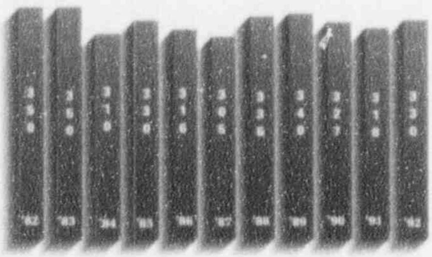
An IRP is currently being developed so that CIPCO can provide its customers with the most cost effective and efficient means for generating and transmitting energy. The plan will consider supply-side options, demand-side options, external factors, and risk. To date, a planning methodology has been defined, a computer model of the CIPCO and Iowa Electric systems has been established, and staff have been trained in power supply planning techniques. Several issues facing CIPCO have been evaluated, and the direction for future study has been identified.

The IRP process will provide a framework that will allow these planning efforts to be integrated into CIPCO's routine business plans. A vision of the quantity and types of CIPCO's future power supply requirements is provided so that CIPCO's resources can be focused on investigating only the types of generating options likely to meet its needs over the next 20 years. Direction for further study has been identified to allow a more focused planning effort.

Many factors affect future planning and are part of IRP. CIPCO has historically been a winter peaking system; however, in the last few years its summer peak has equalled or exceeded the winter peak. It is anticipated that this recent trend will continue into the future.

Peak Demand

Megawatts in Thousands



CIPCO's energy is met primarily with nuclear and coal fuels. Fair Station provides the lowest total cost at all capacity factors. Duane Arnold Energy Center, while having the lowest energy cost, is one of the most expensive sources of power available to CIPCO, due to its high fixed capacity cost. The total cost of each of CIPCO's units will change over the 20 year period due to differing fuel cost escalators and the need to make capital expenditures for life extension and modification of the older plants.

Estimates of the cost of life extension work will be made and integrated into the IRP. A review of the impact of the Clean Air Act on CIPCO's existing facilities also needs to be completed and incorporated into the IRP. The total cost of a unit is important in planning and in power marketing decisions even though dispatching considers only energy costs.

Under forecasted conditions, additional capacity will be required in the summer of 1996 to serve the combined CIPCO/SIMECA systems. Additional capacity will not be required in the winter season until 2003.

Varying resource options are available to CIPCO for meeting its future needs. These include:

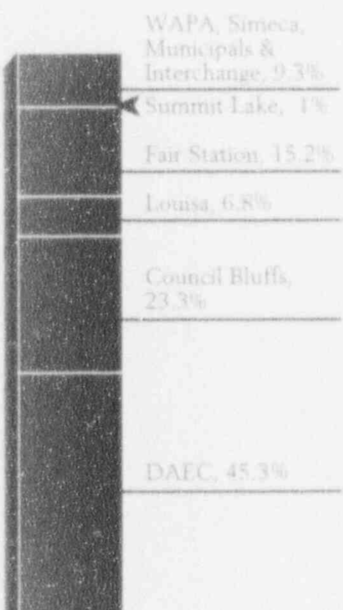
- Building new generating facilities
- Participating in jointly owned generating facilities
- Increasing the capability of existing generating facilities
- Purchasing from independent power producers
- Purchasing from the power market (short-or long-term)
- Implementing load management or interruptible contracts
- Implementing Demand-Side Management (DSM) programs
- Purchasing customer owned stand-by generation

The study to date has not attempted to evaluate these options. Rather, the goal is to identify the approximate quantity and types of supply-side resources that would be required.

A computer program, ENPRO, simulates generation operations and power requirements on an hour-by-hour basis. ENPRO readily provides estimates of future generation system performance. It provides quick and accurate analysis of future plans, including thermal resources, demand-side alternatives, dynamic load management and firm sales/purchases.

The IRP will support the needs of CIPCO and its member systems in business and marketing planning, and will satisfy the IUB's energy efficiency mandates, REA resources planning requirements, and Western Area Power Administration's (WAPA) IRP mandates. With the inclusion of the IRP process in the planning cycle CIPCO will be better prepared to make the decisions that are in the best interest of its members in the future.

Sources of Energy



Marketing and Economic Development

CIPCO continues its efforts on behalf of the members in marketing. Because weather affects how our customers use electricity, the Marketing Department has expanded the temperature summary information which appears monthly in CIPCO's marketing acti ity and operating reports. Graphs highlight daily temperature ranges from around the state and compare monthly results with the previous year and 30-year normal temperature readings. This enables cooperatives to inform their members of the varying monthly and seasonal electrical use patterns.

New rebates now paid to customers for installing energy efficient electric space heating and cooling equipment blend well with objectives of demand-side management. Rebates for controllable rate classes, premium quality storage water heaters, ultra efficient ground source heat pumps and efficient air conditioning offer CIPCO excellent options for the future.

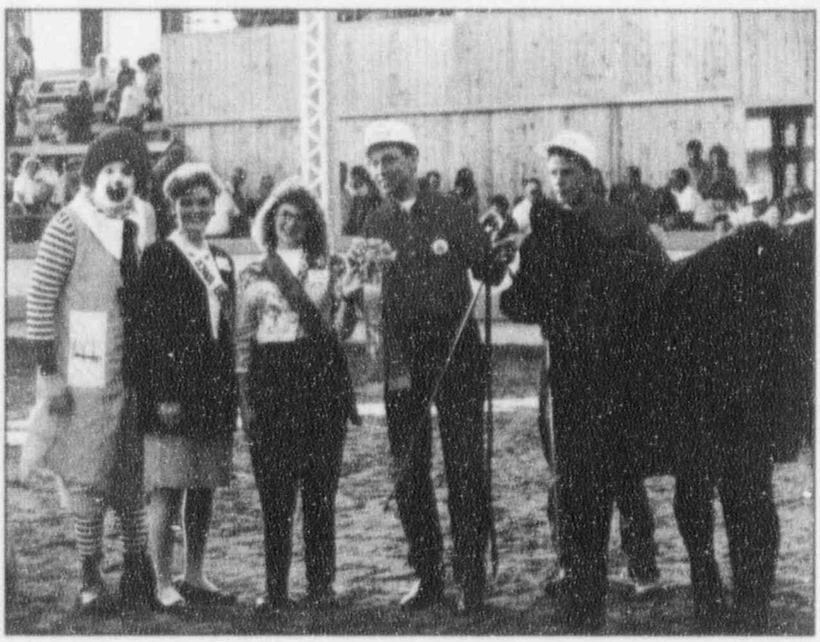
1992

The CIPCO Systems divided over $1,000,000 in power bill credits in 1992. These credits were allocated according to their participation in the controllable load programs. For some member distribution systems this amounted to over 5% of their annual power cost.

There are over 10,000 controllable loads on the CIPCO Systems. This program encourages consumers to sign agreements allowing for future load control. As CIPCO moves closer to a point at which adequate reserves become tight, these controllable loads provide additional options.

During 1992 CIPCO issued nearly $375,000 for marketing program rebates. Over half of this total represented electric water heater incentives. Rate and appliance programs each accounted for ten percent of the total. Heat pumps gathered twenty-two percent, and the balance was paid for energy efficient cooling equipment.

CIPCO's 1992 entry in the annual Governor's Charity Steer Show won the grand prize and brought an auction price of $8,000 which was donated to the Ronald McDonald Houses of Iowa. Shown below with Ronald McDonald are Iowa Beef Princess Karen Marshek, Iowa Beef Queen Sarah Dooley, Celebrity Showman Senator Charles Grassley and Chip Schultz, who raised the steer. ▼



The CIPCO marketing and economic development programs generated sales of nearly 80,000,000 kWhs during the calendar year 1992. Sales contributed over $1,000,000 net towards CIPCO's fixed costs. Overall program benefits include stabilized rates, increased load factor and improved member satisfaction.

CIPCO's Model Housing Program supports the promotion of all-electric homes. Twenty model homes were added to the system in 1992. Eastern Iowa Light and Power Cooperative, Wilton; Midland Power Cooperative, Jefferson; Guthrie County Rural Electric Cooperative Association, Guthrie Center; and Lenox Municipal, a member of South Iowa Municipal Electric Cooperative Association (SIMECA) participated in the program in 1992.

Each model housing project fosters improved awareness of the benefits of all-electric living by establishing relationships among consumers, developers, builders, realtors and contractors. It also creates a positive image of energy efficient all-electric living in the minds of members and trade allies. Homes exhibit application of state-of-the-art technology in environment, indoor air quality, energy efficiency, and quality of life.

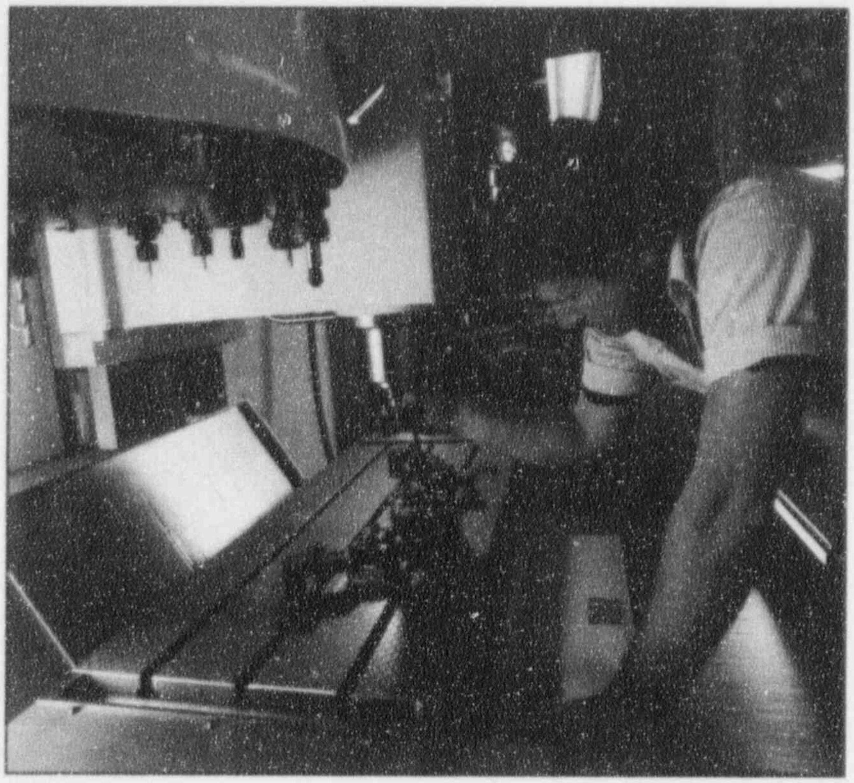
The Technical Assistance Program supported contractors, cooperatives and homeowners in ground source heat pump (GSHP) design, layout, application, servicing and on-site commercial installations. Several contractor training workshops during 1992 educated installers in the GSHP technology.

CIPCO's Marketing Department supports cooperative efforts of computerized heat loss and heat gain evaluation for residential and commercial buildings. This assisted the members greatly in making efficient electric heating and cooling installations.

The Iowa Area Development Group (IADG) supports ongoing CIPCO staff development efforts impacting the CIPCO Systems. Under Jack Bailey's leadership IADG is responsible for 248 business start-ups and/or expansions since 1985. This represents a total capital investment of $550 million and more than 14,000 jobs in Iowa.

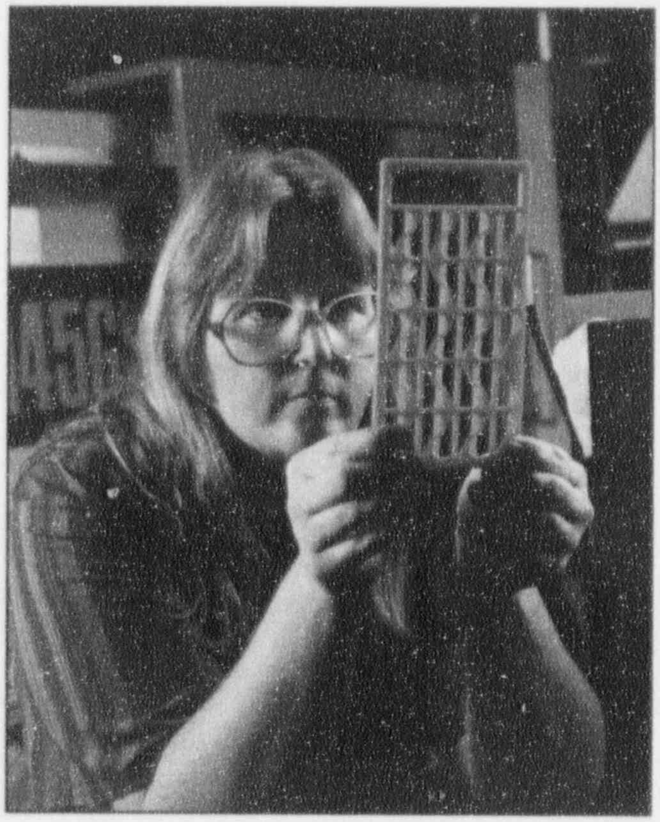
CIECO

During 1992 Central Iowa Energy Cooperative (CIECO), an affiliated cooperative, proceeded with the sale and



Midwest Mold and Engineering supplies dies and molds for Pella Plastics, as well as other companies such as Maytag and Oral B Company. Hans Grob, President, came to Pella in 1992 and started his company adjacent to Pella Plastics. He has six full-time and one part-time employee, plus a great deal of high precision equipment necessary to produce intricate dies and molds. Kevin Roller, mold maker, attends one of these high-tech machines in the photo above.

Three companies in Pella served by Pella Cooperative Electric have created an environment of cooperation and mutual benefit. They each support one another and work closely together.



Pella Plastics uses Hans Grob's dies and molds to manufacture plastic products. Don Mertha, Plant Manager, employs 42 craftsmen and produces everything from frisbees to the pill dispenser held by Sheila Cunningham above. Many of his products go just down the street in Pella to Enduro, Inc., for further handling.

Cindy Blom, operator for Enduro, stamps and inspects plastic cylinders as part of the final process in an order for advertising specialties. Roger Stall, President, oversees the printing, assembly and shipping of advertising specialties all over the country.

1992

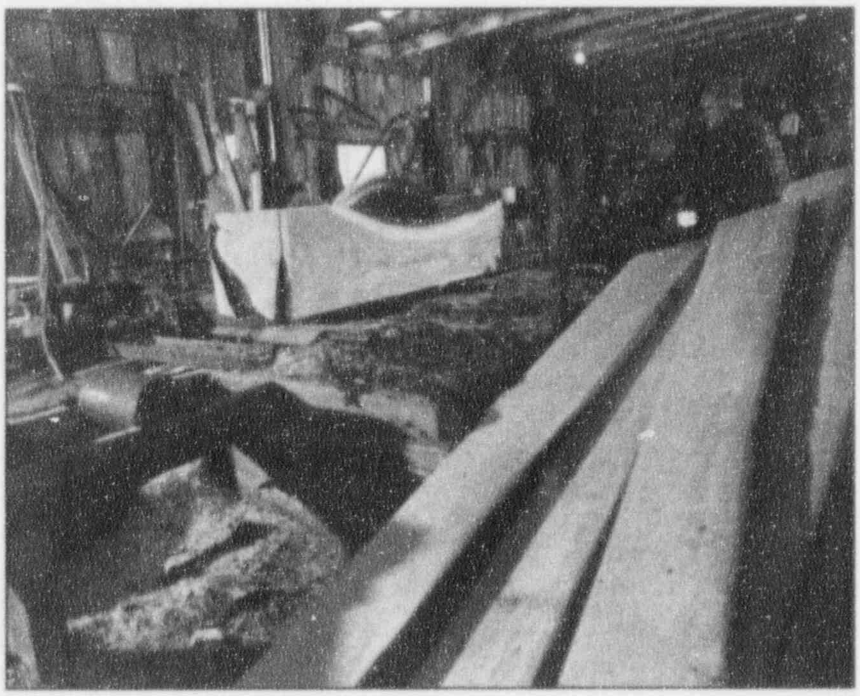
salvage of 13.1 miles of railroad right-of-way in Greene and Guthrie Counties. George Ohm, Manager of CIECO Operations at Panora, worked with the County Conservation Boards and the Commercial Metals Railroad Salvage Company of Dallas, Texas, to clear the rails. This is the first step in converting the railroad right-of-way to additional recreational trail in the Panora area.

Beginning April 1, 1992, Lake Panorama National, Inc. (LPN), a subsidiary of CIECO, acquired operating responsibilities for the Conference Center, restaurant, lounge, and associated motel and condo rental units at Lake Panorama. On July 2 the bankruptcy court ordered certain properties transferred to CIECO, including the Conference Center and driving range. The golf course operation was assumed by LPN in 1991.

Computer Systems

CIPCO's computer operations are state-of-the-art and are constantly being upgraded

Across the CIPCO system are a wide variety of small businesses. One unique example is a sawmill operated by John Palmquist, a member of Nyman Electric Cooperative, Stanton. John and one part-time employee cut, dry and sell lumber for hobbyists and craftsmen, filling a need overlooked by larger sawmills. ▼



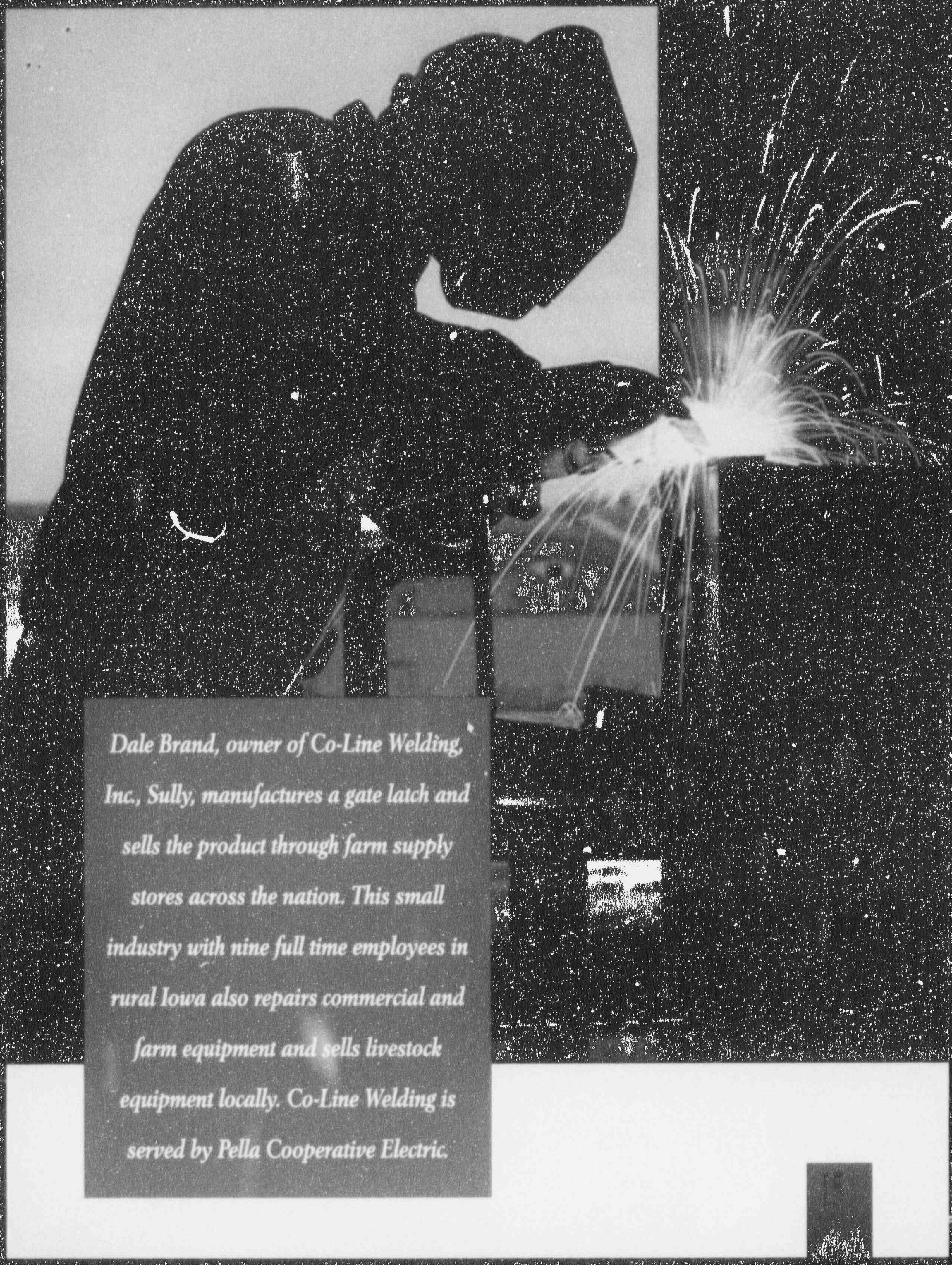
to remain current. The migration from the Hewlett Packard 1000 computer to a personal computer-based system for translation of member system substation meters is one such upgrade. The monthly translation/billing process takes less time, and quality control of translation is improved. Certain labor intensive tasks are now automated. There is more on-line data available which is now accessible to more people than ever before. This new environment in the Computer Department speeds up the availability of data to the member systems and gives staff additional time for other duties.

The Computer Department has standardized CIPCO s operating environment on DOS 5.0. The convenient man/machine interface supports a variety of hardware platforms and improved hardware performance. 1992 saw the wide scale introduction of the "diskless" or palmtop computer. The palmtop includes a filing system, communication capabilities, appointment calendar, phone book, memo pad, Lotus 123 and a business calculator. The Engineering Department plans to run diagnostics on relay equipment in the field via the palmtop.

The docking station is a new computational environment for CIPCO's traveling executives. The heart of this system is the notebook computer. This portable computer can be docked in a holding station which has a variety of peripheral attachments giving it the capability of a full size computer. This system reduces costs because it is no longer necessary for these employees to have two computers—one that travels and one in the office. They are one in the same.

The local area computer network was expanded in 1992 to include engineering and resource planning. This gives quick access to a large amount of data from each of our substation metering points which is helpful in completing a variety of studies. This arrangement also allows for the sharing of some very desirable attachments, namely a high speed laser printer and a high speed dot matrix printer.

CIPCO has entered the optical age with a compact disk (CD) installation on a computer in the Environmental and Safety Department. By subscribing to a federal government service, this system provides a "shelf full" of manuals from the Occupational Safety & Health Act (OSHA)



Dale Brand, owner of Co-Line Welding, Inc., Sully, manufactures a gate latch and sells the product through farm supply stores across the nation. This small industry with nine full time employees in rural Iowa also repairs commercial and farm equipment and sells livestock equipment locally. Co-Line Welding is served by Pella Cooperative Electric.

on a single CD. Staff can complete lengthy search projects in a fraction of the time. Also, with the system there is the assurance that all references are explored.

All of these additions to CIPCO's computer environment give users more time to accomplish their goals and objectives. Efficiencies of time and project completions enable CIPCO to provide better service to its member systems.

Generation and Operations

Through ownership, purchase, lease and interchange CIPCO has created an environment of confidence in its ability to supply sufficient generating capacity to meet the demand and energy needs of the CIPCO Systems.

Base load units include the Duane Arnold Energy Center (DAEC), Council Bluffs Unit No. 3, Fair Station Unit No. 2, and the 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 during periods of high loads or in case of emergency.

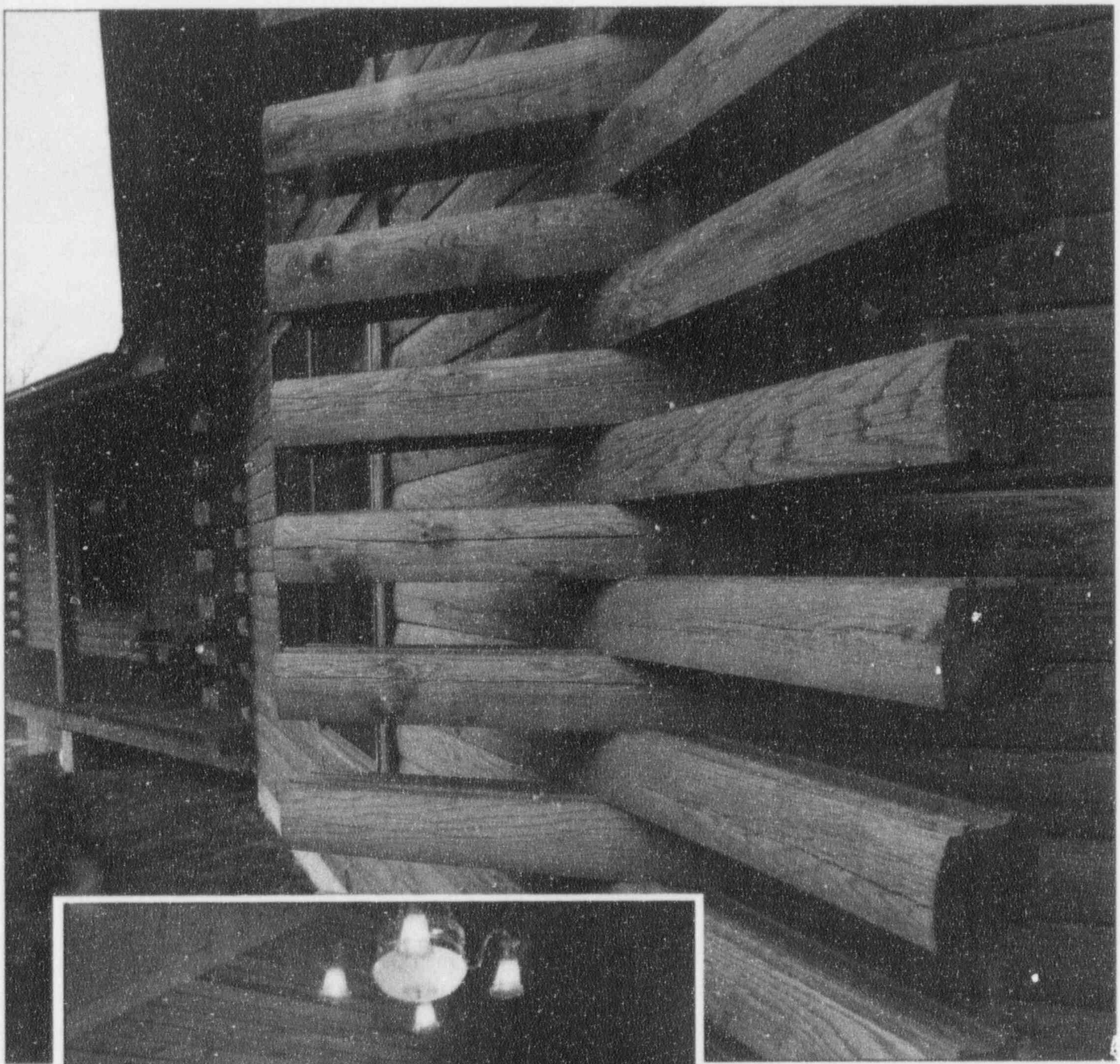
During 1992 the DAEC was refueled for the eleventh time since it went into commercial operation in 1974. The plant shutdown offered an opportunity to perform testing, inspections, preventive maintenance, and corrective action items required at the nuclear facility. Five major and 19 minor design change packages were also installed. The refueling and associated projects are very labor intensive—1700 workers, two 10-hour shifts daily, six days a week for 59 days. The refueling was completed on schedule and under budget, marking the first time in the history of the plant that this was accomplished.

Maintaining a high level of reliability and service is a priority of CIPCO. All improvements to the system assure these goals are attained. Creating an environment for carrying out an aggressive maintenance and construction plan promises continued good service to the members.

During the first few months of 1992 CIPCO concentrated on making repairs on parts of the transmission system that were affected by the severe ice storm on Halloween 1991. Extra efforts during patrols by maintenance crews were helpful in determining the extent of the damage with emphasis on restoring the lines to a reliable operating status. CIPCO was able to work with the Disaster Services Division of the Federal Emergency Management Agency to obtain funds to help defray damage expense caused by this storm.

Several line construction projects were completed this past year. Through a joint project with Maquoketa Valley Rural Electric Cooperative, Anamosa; Interstate Power Company, Dubuque; and CIPCO, three substations in the northeast area of the system were converted to 69 kV service. By constructing approximately 4.94 miles of 69 kV line to the Interstate system, CIPCO was able to retire approximately 24 miles of older 34.5 kV line.

During 1992, 44.70 miles of new line were completed and put into service as part of the new-to-replace-old (NTRO) program.



Some of the most beautiful and energy efficient homes in Iowa are served by the CIPCO Systems. President of the Iowa Soybean Association, Clifford Goecker, and his wife, Virginia, have a panoramic view from the windows of their new log home near Clarinda. Clifford took 110,000 pounds of logs and 3,200 pounds of spikes dumped on his lawn and built their home with the help of family and friends. The all-electric home is served by Nyman Electric Cooperative.

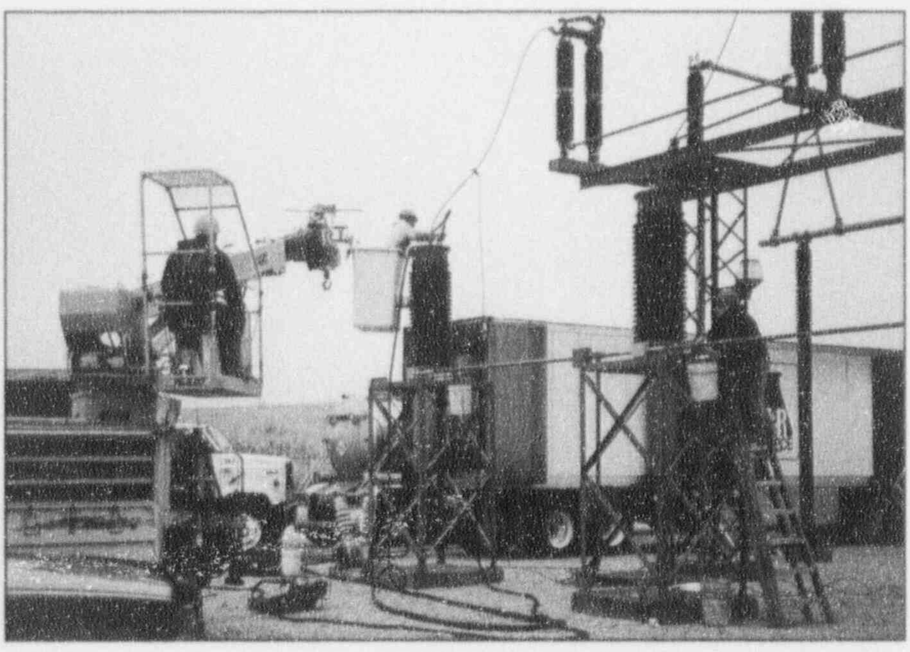
1992

Several of these projects were carried over from 1991. This line replacement program is an annual program with the goal of improving the level of reliability and service on the aging CIPCO system. However, two damaging storms in 1991 delayed the NTRO projects.

CIPCO also has a NTRO program on oil circuit breakers. During 1992 one circuit breaker was changed out by the Creston transmission crew at the Murray Junction Substation. In addition to the routine maintenance projects performed by the Creston and Wilton crews, they often assist in other projects across the system as needed.

CIPCO is continuing to change its magnetic tape metering system to electronic metering at the distribution cooperative metering points. Of a total of over 360 meters on the system, to date 205 have been converted. These installations are completed by the Wilton and Creston substation crews.

To attain compliance with EPA orders regarding PCBs, contract crews below are retrofilling transformers at the Dundee Transmission Substation. ▼



During 1992 CIPCO worked with Iowa Electric Light and Power Company, Cedar Rapids, on a joint project to install motor-operated sectionalizing switches. With the installation of these switches, line sections can be opened and closed remotely, therefore reducing outage time. Total system outage hours in 1992 are down from previous years to 0.58 hours per consumer.

CIPCO experienced a smoky fire in the control house at the Murray Junction Substation in late August. The substation is located between Creston and Osceola in southwest Iowa. The fire caused extensive damage to all the electrical equipment including controls for three 69,000 volt transmission lines and microwave radio equipment for four radio links. Final repair and replacement will be finished in early 1993.

In keeping with CIPCO's objective for service excellence and system reliability, installation of "smart" relays continues. These relays sense short circuits on the transmission lines and determine the distance from the substation to the problem with considerable accuracy. Operators and engineers can call the relay on the phone and obtain the necessary information quickly and without leaving the office.

There are many rules and regulations regarding the environment that affect the operations of CIPCO. One such ruling under an Environmental Protection Agency Order is that the transmission system will be free of PCBs by January 1, 1995. CIPCO began a program in 1985 to attain compliance and is in the final stages of completion.

The Clean Air Act will affect CIPCO through its power plants and automobiles. No one has assessed the cost at this time, but it will be a factor in the future.

Every phase of CIPCO's business environment is in a mode of change. We struggle with new legislation, the uncertain future of the REA, technological advances, long-range planning, future power supply, business development, diversification opportunities, and more. All of these things do not spell "business-as-usual," but rather a directive to CIPCO's board of directors, management and staff to meet the challenges of change and create an environment for the future which will assure a secure financial position with positive results for the CIPCO Systems and their members.

KPMG Peat Marwick

Certified Public Accountants

2500 Ruan Center
P.O. Box 772
Des Moines, IA 50303

The Board of Directors
Central Iowa Power Cooperative

We have audited the accompanying balance sheet of Central Iowa Power Cooperative as of December 31, 1992, 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, 1991, were audited by other auditors whose report, dated February 27, 1992, 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 also 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 1992 financial statements referred to above present fairly, in all material respects, the financial position of Central Iowa Power Cooperative as of December 31, 1992, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick

February 26, 1993

1992

Balance Sheets

December 31, 1992 and 1991

		1992	1991
Assets (Note 4)	**Electric utility plant, at cost (notes 2 and 7) :**		
	In service	$ 313,043,924	302,603,469
	Less accumulated depreciation	116,254,751	107,869,491
		196,789,173	194,733,978
	Construction work in progress	4,680,598	5,668,373
	Nuclear fuel, at cost less accumulated amortization of $ 40,675,447 in 1992 and $37,302,278 in 1991	13,482,134	16,320,005
	Net electric utility plant	214,951,905	216,722,356
	Investments:		
	Investments in associated organizations	9,164,785	9,171,834
	Marketable securities-decommissioning fund	7,886,949	7,237,474
	Other investments (note 8)	8,080,789	6,733,074
	Total investments	25,132,523	23,142,382
	Current assets:		
	Cash and cash equivalents:		
	Cash, general	740,707	774,521
	Cash, construction	72,607	72,607
	Temporary investments	1,623,987	4,576,955
	Accounts receivable, members	7,621,611	6,953,879
	Other receivables	99,529	286,325
	Fossil fuel, materials and supplies	5,417,958	5,191,880
	Prepaid expenses	481,391	957,606
	Interest receivable	56,924	60,741
	Deferred charges	2,394,095	1,025,670
	Total current assets	18,508,809	19,900,184
	Deferred charges	5,197,969	3,986,348
		$ 263,791,206	263,751,270
Capitalization and Liabilities	**Capitalization:**		
	Members' equity:		
	Membership fees	$ 1,700	1,700
	Patronage capital	14,724,266	12,724,266
	Other equities (note 3)	21,300,381	20,692,363
	Total members' equity	36,026,347	33,418,329
	Long-term debt, less current maturities (note 4)	198,631,029	204,381,424
	Total capitalization	234,657,376	237,799,753
	Current liabilities:		
	Current maturities of long-term debt (note 4)	5,793,248	5,580,791
	Accounts payable	3,974,251	3,146,263
	Accrued property taxes	5,106,848	4,937,427
	Other accrued expenses	204,383	423,134
	Advances from members	2,947,064	4,514,032
	Special assessment	118,330	-
	Total current liabilities	18,144,124	18,601,647
	Other liabilities:		
	Decommissioning reserves	8,554,640	7,349,870
	Special assessment	2,435,066	-
	Commitments and contingent liabilities (note 8)		
		$ 263,791,206	263,751,270

See Accompanying Notes to Financial Statements.

Statement of Revenue and Expenses

Years Ended December 31, 1992 and 1991

		1992	1991
Operating revenue:			
Electric energy sales	$	80,002,781	79,485,447
Rent of electric property		743,442	864,108
Miscellaneous electric revenue		435,100	433,468
Total operating revenue		81,181,323	80,783,023
Operating expenses:			
Purchased power		6,238,944	5,093,377
Operations:			
Production plant - fuel		13,682,452	14,771,567
Production plant - other		13,808,609	12,618,583
Transmission plant		1,556,802	1,530,649
Maintenance:			
Production plant		5,505,267	6,127,536
Transmission plant		1,229,561	2,111,910
Administrative and general		6,976,305	6,775,318
Depreciation and amortization		9,954,526	9,398,207
Decommissioning provision		1,204,770	1,069,870
Property and other taxes		5,464,034	5,211,472
Total operating expenses		65,621,270	64,708,489
Net operating margin		15,560,053	16,074,534
Other revenue:			
Interest income		1,323,459	1,328,045
Patronage capital allocations		145,008	178,299
Miscellaneous income - principally from affiliated cooperative		711,015	583,662
Total other revenue		2,179,482	2,090,006
Net margin before interest charges		17,739,535	18,164,540
Interest charges:			
Interest on long-term debt		15,488,268	15,971,183
Allowance for borrowed funds used during construction		(356,751)	(517,691)
Net interest charges		15,131,517	15,453,492
Net margin	$	2,608,018	2,711,048

See Accompanying Notes to Financial Statements.

1992

Statements of Members' Equity

Years Ended December 31, 1992 and 1991

		Membership fees	Patronage capital	Other equities	Total members' equity
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
Net margin		-	-	2,608,018	2,608,018
Patronage capital allocated		-	2,000,000	(2,000,000)	-
Balance at December 31, 1992	$	1,700	14,724,266	21,300,381	36,026,347

See Accompanying Notes to Financial Statements.

Statements of Cash Flows

Years Ended December 31, 1992 and 1991

		1992	1991
Cash flows from operating activities:			
Net margin	$	2,608,018	2,711,048
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization of electric utility plant		9,454,963	8,899,008
Amortization of deferred charges		3,735,116	4,960,993
Amortization of nuclear fuel		3,373,169	4,342,589
Decommissioning provision		1,264,770	1,069,870
Patronage capital allocations not received in cash		(145,008)	(178,299)
Amortization of investment premium		15,840	15,840
Changes in assets and liabilities:			
Increase in receivables		(1,828,651)	(590,660)
(Increase) decrease in fossil fuel, materials and supplies		(226,078)	386,343
Decrease (increase) in prepayments and interest receivable		480,032	(7,323)
Refueling outage and other costs deferred		(3,315,162)	-
Increase in accounts payable and accrued liabilities		778,658	32,553
Increase in special assessment		2,553,396	-
Net cash provided by operating activities		15,689,063	21,641,962
Cash flows from investing activities:			
Additions to electric utility plant, net		(10,522,383)	(11,088,449)
Purchases of nuclear fuel		(535,298)	(3,271,688)
Increase in decommissioning fund		(665,315)	(622,000)
Purchase of other investments		-	(1,650,000)
Receipt of prior years' patronage capital allocation		152,057	242,630
Net cash used in investing activities		(11,570,939)	(16,389,507)
Cash flows from financing activities:			
(Decrease) increase in advances from members		(1,566,968)	2,354,032
Principal payments on long-term debt		(5,537,938)	(5,254,389)
Proceeds from long-term borrowings		-	749,000
Net cash used in financing activities		(7,104,906)	(2,151,357)
Net (decrease) increase in cash and cash equivalents		(2,986,782)	3,101,098
Cash and cash equivalents at beginning of year		5,424,083	2,322,985
Cash and cash equivalents at end of year	$	2,437,301	5,424,083
Supplemental disclosure of cash flow information:			
Cash payments for interest (net of allowance for borrowed funds used during construction)	$	15,137,598	15,452,704

See Accompanying Notes to Financial Statements.

1992

Notes to Financial Statements

December 31, 1992 and 1991

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 (REA). The Cooperative is an electric generation and transmission cooperative providing wholesale electric service to its 16 members. The Cooperative is not subject to external rate regulation other than by the REA.

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 Funds Used During Construction

The allowance for funds used during construction represents the estimated cost, during the period of construction, of borrowed funds used for construction purposes. The composite rates used to calculate the allowance for 1992 and 1991 approximated 5.7 percent and 7.2 percent, respectively.

(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 approximately $5,100,000 in capital term certificates issued by National Rural Utilities Cooperative Finance Corporation (CFC) and memberships in other cooperatives. The investments are stated at cost and adjusted for patronage capital allocations.

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

Other investments consist primarily of investments in and advances to affiliated organizations in which the Cooperative owns 20 to 50 percent of the voting shares and are accounted for on the equity method.

(g) Pension Plan

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

(h) Deferred Charges

Deferred charges consist principally of cancelled project costs, a one time fee for spent nuclear fuel used to generate electricity prior to April, 1983, and a special assessment established by the Energy Policy Act of 1992 for decontamination and decommissioning of the Department of Energy enrichment facilities. These costs are being recovered through rates over various

Note 1
Summary of Significant Accounting Policies (continued)

amortization periods as follows: cancelled project costs, 10 years ending in 1995; the one time fee for spent nuclear fuel, 13 years ending in 1998; and the special assessment, 15 years ending in 2007. The amount of these costs to be amortized in 1993 has been reflected as a current asset in the balance sheet.

(i) Cash Equivalents

Cash equivalents of $1,623,987 and $4,576,955 at December 31, 1992 and 1991, 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) Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 (SFAS No. 107), "Disclosures about Fair Value of Financial Instruments," requires that the Cooperative disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below.

Cash and Cash Equivalents, Accounts and Other Receivables, Interest Receivable, Accounts Payable and Advances from Members

The carrying amount approximates fair value because of the short-term nature of these instruments.

Investments

It was not practicable to estimate the fair value of investments in associated organizations. The investments are carried at their original cost adjusted for patronage capital allocations. The untraded capital term certificates currently bear interest at 3% - 5% and primarily mature in 2020 through 2080. The patronage capital allocations are non interest-bearing and mature based upon the granting cooperatives' policies.

The fair value of marketable securities-decommissioning fund is based on quoted market prices published in financial newspapers or quotations received from securities dealers. At December 31, 1992, the estimated market value of marketable securities-decommissioning fund was $9,000,000.

Long Term Debt

The fair value of long-term debt is calculated by discounting scheduled cash flows through maturity using estimated market discount rates. The discount rate is estimated using the rates currently offered for long-term debt of similar remaining maturities.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a portion of the Cooperative's financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

k) Reclassifications

Certain 1991 amounts have been reclassified to conform to the 1992 presentation.

Note 2
Electric Utility Plant in Service

The major classes of electric utility plant in service at December 31, 1992 and 1991 and depreciation and amortization for 1992 and 1991 are as follows:

	Cost at December 31		Depreciation and amortization		Composite rates
	1992	1991	**1992**	1991	percentage
Intangible plant	$ **281,647**	279,487	**7,721**	5,656	4.00
Production plant	**224,159,881**	217,921,525	**6,970,453**	6,658,589	3.10
Transmission plant	**81,584,063**	78,518,844	**2,051,302**	1,870,280	2.75
Distribution plant	**454,256**	454,256	**12,914**	12,914	2.75
General plant	**6,564,077**	5,429,357	**412,573**	351,569	3.00-16.00
Electric utility plant in service	$ **313,043,924**	302,603,469	**9,454,963**	8,899,008	

1992

Notes to Financial Statements

December 31, 1992 and 1991

Note 3
Other Equities

At December 31, 1992, and 1991, other equities consist of the following:

		December 31,	
		1992	1991
Unallocated margin	$	2,608,018	2,711,048
Reserve for contingent losses		12,727,630	12,727,630
Surplus		5,964,733	5,253,685
	$	21,300,381	20,692,363

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, 1992	1991
REA, 2% and 5% mortgage notes payable, due in quarterly installments approximating $1,327,000, including interest, maturing through June 2019	$ 61,173,647	63,904,391
Federal Financing Bank (FFB), 7.319% - 14.043% mortgage notes payable, guaranteed by the REA, due in quarterly installments approximating $3,023,000, including interest, maturing from December 2010 through 2021	111,756,109	113,165,218
CFC, 7% and 8% mortgage notes payable, due in quarterly installments approximating $297,000, including interest, maturing from December 2006 through December 2015	10,784,529	11,195,282
CFC, variable interest rate (4.875% at December 31, 1992) notes payable, due in quarterly installments approximating $205,000, including interest, maturing on March 31, 2020	8,634,954	8,709,715
Cooperative members, 7% unsecured notes payable, due in quarterly installments approximating $56,000, including interest, maturing on December 31, 2008	1,907,975	1,995,350
City of Council Bluffs, Iowa 5.5% - 6.125% Pollution Control Revenue Bonds guaranteed by CFC, due in semi-annual installments ranging from $75,000 to $165,000, maturing on December 1, 2007	3,390,000	3,530,000
Louisa County, Iowa 9.6% - 10.625% Pollution Control Revenue Bonds guaranteed by CFC, due in annual installments ranging from $170,000 to $415,000, maturing on December 15, 2003	3,110,000	3,265,000
Eastern Iowa Light and Power Cooperative, 3% - 7% capital lease obligations due in quarterly installments approximating $170,000 through 1993, $109,000 through 1998, and $50,000 thereafter through 2013	3,667,063	4,197,259
Total long-term debt	204,424,277	209,962,215
Less current maturities	5,793,248	5,580,791
Total long-term debt, excluding current maturities	$ 198,631,029	204,381,424

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1992 are as follows: 1993, $5,793,248; 1994, $5,977,504; 1995, $6,252,368; 1996, $6,628,234; and 1997, $7,031,278.

As of December 31, 1992, the Cooperative had $12,000,000 of unadvanced funds available under a short-term line of credit agreement with CFC which expires in November, 1993.

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

At December 31, 1992, the Cooperative estimated the fair value of its long-term debt (as described in Note 1) as $219,000,000.

Note 5
Pension Plan

The Cooperative participates in a multi-employer pension plan which covers substantially all employees. The accumulated benefits and net assets of the plan are not determined or allocated separately by individual employer. Pension expense for the years ended December 31, 1992 and 1991 amounted to $298,000 and $276,000, 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, 1992, 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 expenses.

Unit	Percentage Ownership	Capacity MW	Electric Utility Plant, Net
Duane Arnold Energy Center	20.0%	108	$83,554,045
Council Bluffs Unit #3	11.5	78	24,606,640
Louisa Generating Station	4.6	30	22,139,537

Note 8
Commitments and Contingent Liabilities

The Cooperative has entered into an agreement to guarantee all costs associated with the payable to the CFC for loans made to an affiliated cooperative. As of December 31, 1992, the affiliated cooperative had outstanding loans of approximately $3,986,000 ($3,847,000 long-term, $139,000 short-term) which are secured by real estate of the affiliated cooperative. Summarized unaudited financial information of the affiliated cooperative as of and for the year ended December 31, 1992, is as follows:

Financial Position	
Current assets	$ 242,474
Noncurrent assets	9,569,233
	$ 9,811,707
Current liabilities	$ 267,105
Noncurrent liabilities	7,788,816
Members' equity	1,755,786
	$ 9,811,707

Results of Operations	
Operating revenue	$ 2,489,350
Operating (expenses)	(2,287,542)
Other income (expenses), net	(468,308)
Net (loss)	$ (266,500)

The Cooperative is committed under a subscription agreement with an affiliated venture capital corporation 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 by December 31, 1993.

The Cooperative has entered into a coal supply contract that requires the annual purchase of 85,000 tons of coal (at $24 per ton) through 1995.

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.

The Price-Anderson Amendments Act of 1988 (1988 Act) provides DAEC with the benefit of $7.4 billion of public liability coverage consisting of $200 million of insurance and $7.2 billion of potential retroactive assessments from the owners of nuclear power plants. Under the 1988 Act, DAEC could be assessed a maximum of $63 million per nuclear incident, with a maximum of $10 million per year (of which the Cooperative's 20% ownership portion would be $12.6 million and $2 million, respectively), if losses relating to the accidents exceeded $200 million. Pursuant to provisions in various nuclear insurance policies, DAEC could be assessed retroactive premiums in connection with a future accident at a nuclear facility owned by a utility participating in the particular insurance plan. With respect to excess property damage and replacement power coverages, DAEC could be assessed a maximum of $4.5 million and $ 1.0 million, respectively, if the insurer's losses relating to an accident exceeded its reserves.

1992

Ten Year Financial Summary

(Unaudited)

		1992	1991	1990
SUMMARY OF OPERATIONS				
Operating revenue	$	81,181,323	80,783,023	76,062,827
Operating expenses and interest:				
Purchased power		6,238,944	5,093,377	6,994,000
Operations and maintenance		35,782,691	37,160,245	32,720,503
Administrative and general		6,976,305	6,775,318	5,758,753
Depreciation and amortization		9,954,526	9,398,207	10,788,846
Decommissioning provision		1,204,770	1,069,870	1,725,699
Property and other taxes		5,464,034	5,211,472	4,971,856
Net interest charges		15,131,517	15,453,492	15,237,629
Total operating expenses and interest		80,752,787	80,161,981	78,197,286
Operating margin (loss)		428,536	621,042	(2,134,459)
Other revenue		2,179,482	2,090,006	4,098,528
Net margin	$	2,608,018	2,711,048	1,964,069
ASSETS				
Electric utility plant	$	371,882,103	361,894,125	348,703,621
Less accumulated depreciation and amortization		156,930,198	145,171,769	133,099,805
Net electric utility plant		214,951,905	216,722,356	215,603,816
Investments		25,132,523	23,142,382	18,448,543
Current assets		18,508,809	19,900,184	23,024,779
Deferred charges		5,197,969	3,986,348	5,012,018
Total assets	$	263,791,206	263,751,270	262,089,156
CAPITALIZATION AND LIABILITIES				
Members' equity	$	36,026,347	33,418,329	30,707,281
Long-term debt		198,631,029	204,381,424	209,197,377
Spent nuclear fuel disposal liability		-	-	-
Current liabilities		18,144,124	18,601,647	15,904,498
Decommissioning reserves		8,554,640	7,349,870	6,280,000
Special assessment		2,435,066	-	-
Total capitalization and liabilities	$	263,791,206	263,751,270	262,089,156

1989	1988	1987	1986	1985	1984	1983
74,003,293	73,190,171	68,805,228	67,660,629	71,132,939	64,242,148	58,643,815
4,596,355	3,549,839	4,511,217	3,228,972	10,651,421	9,310,487	5,354,110
33,383,176	34,725,741	31,144,655	29,793,316	27,569,688	26,630,591	30,392,265
5,140,751	4,357,809	3,787,341	3,231,141	3,073,865	2,592,445	2,602,144
9,400,390	9,377,277	8,910,470	8,546,967	7,253,123	7,698,875	6,484,118
1,001,790	1,028,832	929,960	838,831	754,887	-	-
4,710,889	4,364,878	4,243,785	4,222,102	3,994,490	4,206,417	3,815,460
15,283,640	14,830,577	15,323,888	15,769,131	14,500,285	13,496,875	9,873,776
73,516,991	72,234,953	68,851,316	65,630,460	67,797,759	63,935,690	58,521,873
486,302	955,218	(46,088)	2,030,169	3,335,180	306,458	121,942
2,093,041	1,744,943	1,713,438	1,726,608	1,034,308	809,938	534,427
2,579,343	2,700,161	1,667,350	3,756,777	4,369,488	1,116,396	656,369
351,945,766	339,859,546	315,296,237	305,693,465	295,189,519	293,659,876	280,635,043
137,980,323	127,792,910	117,308,959	107,009,719	96,551,822	87,457,382	77,433,944
213,965,443	212,066,636	197,987,278	198,683,746	198,637,697	206,202,494	203,201,099
16,234,231	16,301,544	14,016,197	11,290,315	9,341,109	9,290,756	8,730,585
22,686,762	19,708,998	29,492,565	29,299,708	25,142,825	15,022,757	17,319,460
7,537,685	9,343,599	10,335,627	11,591,849	12,522,126	6,835,981	7,978,297
260,424,121	257,420,777	251,831,667	250,865,618	245,643,757	237,351,988	237,229,441
28,743,212	26,163,869	23,495,994	21,828,644	18,071,867	13,702,379	13,126,587
213,767,922	212,957,991	213,794,778	215,331,259	213,309,618	202,731,539	203,720,613
-	-	-	-	-	4,735,981	4,735,981
13,358,686	14,746,407	12,017,216	12,111,996	13,507,385	16,182,089	15,646,260
4,554,301	3,552,510	2,523,679	1,593,719	754,887	-	-
-	-	-	-	-	-	-
260,424,121	257,420,777	251,831,667	250,865,618	245,643,757	237,351,988	237,229,441

1992

Member Cooperative Operating Statistics

(Unaudited)

		Adams	Benton	Buchanan	Clarke	Eastern
SUMMARY OF OPERATIONS						
Operating Revenue	$	2,324,837	4,446,998	6,026,927	5,139,330	24,749,769
Purchased Power		1,287,813	2,977,557	3,967,459	2,677,758	16,107,985
Operating Expenses		497,417	813,613	982,781	1,356,312	3,755,144
Depreciation		172,295	189,147	301,206	394,045	1,496,040
Tax Expense		56,859	90,161	124,806	177,067	481,482
Interest Expense		178,175	250,906	450,228	393,734	1,268,171
Total Cost - Electric Service		2,192,559	4,321,384	5,826,480	4,998,916	23,108,822
Operating Margins		132,278	125,614	200,447	140,414	1,640,947
Non-operating Margins & Capital Credits		78,933	122,369	216,904	133,018	988,399
Patronage Capital or Margins	$	211,211	247,983	417,351	273,432	2,629,346
ASSETS AND OTHER DEBITS						
Total Utility Plant	$	5,944,593	8,713,082	12,289,234	14,549,656	51,683,721
Accumulated Depreciation & Amortization		1,796,370	2,290,533	3,059,181	4,792,244	14,006,220
Net Utility Plant		4,148,223	6,422,549	9,230,053	9,757,412	37,677,501
Property & Investments		916,138	1,362,828	1,604,155	1,311,335	9,462,650
Current & Accrued Assets		619,452	534,391	2,025,614	1,689,199	10,654,408
Deferred Debits		14,854	360,300	20,277	46,622	197,705
Total Assets	$	5,698,667	8,680,068	12,880,099	12,804,568	57,992,264
LIABILITIES AND OTHER CREDITS						
Margins & Equities	$	1,927,902	4,158,408	4,993,717	3,828,414	25,480,266
Long Term Debt		3,528,038	4,103,041	7,533,446	8,305,347	29,689,833
Current & Accrued Liabilities		239,081	406,551	330,161	621,023	2,683,626
Deferred Credits & Misc. Oper. Reserves		3,646	12,068	22,775	49,784	138,539
Total Liabilities	$	5,698,667	8,680,068	12,880,099	12,804,568	57,992,264
OTHER STATISTICS						
Miles of Line		790	943	1,219	1,738	4,408
Consumers Served		1,716	3,422	3,475	4,205	19,515
Consumers Per Mile		2.2	3.6	2.9	2.4	4.4
kWhs sold per consumer		13,893	15,743	21,271	11,266	15,018
MWh Sales		23,841	53,874	73,915	47,375	293,068
Annual Revenue per Consumer		1,355	1,300	1,734	1,222	1,268
Plant Investment per Consumer		3,464	2,546	3,536	3,460	2,648

* This data represents the combined service territories of Greene County Rural Electric Cooperative and Hardin County Rural Electric Cooperative

System Managers

Kenneth Stone
Adams County Cooperative Electric Co. *and* Nyman Electric Cooperative

Martin Gardner
Benton County Electric Cooperative Association *and* Buchanan County Rural Electric Cooperative

Tom Killebrew
Clarke Electric Cooperative, Inc.

Melvin Nicholas
Eastern Iowa Light and Power Cooperative

John Wietzke
Farmers Electric Cooperative, Inc.

Frank Mains
Guthrie County Rural Electric Cooperative Association

Kim Colberg
Linn County Rural Electric Cooperative

Dorothy Postel
Maquoketa Valley Rural Electric Cooperative

Dan Bohlke
Marshall County Rural Electric Corperative

Farmers	Guthrie	Linn	Maquoketa	Marshall	Midland*	Nyman	Pella	Rideta	T. I. P.	Total
7,429,229	5,145,591	13,005,139	15,707,520	5,458,678	12,894,257	1,894,627	2,891,685	3,017,384	7,474,074	117,606,045
4,818,070	2,891,482	8,811,153	11,848,595	3,514,788	8,198,684	1,052,689	1,846,850	1,621,107	4,707,826	76,329,816
1,041,684	1,148,710	2,413,838	2,235,358	1,054,349	2,070,239	520,921	567,910	650,079	1,559,474	20,667,829
454,722	305,418	580,177	690,605	308,112	883,130	104,007	135,298	249,965	356,705	6,620,872
151,522	122,696	280,434	296,437	116,066	275,667	49,761	61,803	84,387	148,313	2,517,461
495,711	350,960	796,199	627,309	306,667	1,026,478	120,153	129,972	263,919	375,352	7,033,934
6,961,709	4,819,266	12,881,801	15,698,304	5,299,982	12,454,198	1,847,531	2,741,833	2,869,457	7,147,670	113,169,912
467,520	326,325	123,338	9,216	158,696	440,059	47,096	149,852	147,927	326,404	4,436,133
141,304	203,578	299,168	601,184	196,351	309,574	50,066	113,928	74,513	226,312	3,755,601
608,824	529,903	422,506	610,400	355,047	749,633	97,162	263,780	222,440	552,716	8,191,734
15,345,906	11,318,761	24,135,552	25,892,681	10,452,764	30,552,615	3,968,920	5,300,079	8,861,623	14,082,831	243,092,018
4,269,105	4,243,834	5,767,921	9,522,546	3,768,023	8,381,561	1,339,772	1,978,789	2,531,245	4,024,896	71,772,240
11,076,801	7,074,927	18,367,631	16,370,135	6,684,741	22,171,054	2,629,148	3,321,290	6,330,378	10,057,935	171,319,778
1,824,786	1,283,357	3,065,136	4,369,645	1,413,317	3,359,059	516,244	1,335,982	768,073	1,862,997	34,455,702
1,708,148	3,511,799	2,776,993	4,834,749	1,984,376	2,790,542	474,038	847,454	640,622	3,075,987	38,167,772
(51,459)	40,383	279,404	52,263	35,274	95,927	28,923	16,975	34,522	27,747	1,199,717
14,558,276	11,910,466	24,489,164	25,626,792	10,117,708	28,416,582	3,648,353	5,521,701	7,773,595	15,024,666	245,142,969
5,440,333	4,541,371	7,567,815	14,643,768	4,327,861	10,628,805	1,217,625	2,571,291	2,250,616	7,128,590	100,706,782
7,890,596	6,831,525	15,437,297	10,128,512	5,242,069	15,136,461	2,047,012	2,673,390	5,034,506	7,086,113	130,667,186
1,213,757	536,948	1,356,933	767,776	545,671	2,631,145	382,284	265,503	437,673	790,830	13,208,962
13,590	622	127,119	86,736	2,107	20,171	1,432	11,517	50,800	19,133	560,039
14,558,276	11,910,466	24,489,164	25,626,792	10,117,708	28,416,582	3,648,353	5,521,701	7,773,595	15,024,666	245,142,969
1,749	1,385	1,665	2,975	1,063	2,790	592	583	1,247	1,722	24,869
4,672	4,443	11,142	11,447	3,941	8,073	1,431	1,995	2,610	5,366	87,453
2.7	3.2	6.7	3.8	3.7	2.9	2.4	3.4	2.1	3.1	3.5
20,732	12,145	13,480	17,953	15,947	19,470	13,768	16,525	11,694	16,053	15,871
96,858	53,961	150,190	205,510	62,846	157,185	19,702	32,968	30,521	86,143	1,387,957
1,590	1,158	1,167	1,372	1,385	1,597	1,324	1,449	1,156	1,393	1,345
3,285	2,548	2,166	2,262	2,652	3,785	2,774	2,657	3,395	2,624	2,780

Don Severson
Midland Power Cooperative

John Smith
Pella Cooperative Electric Association

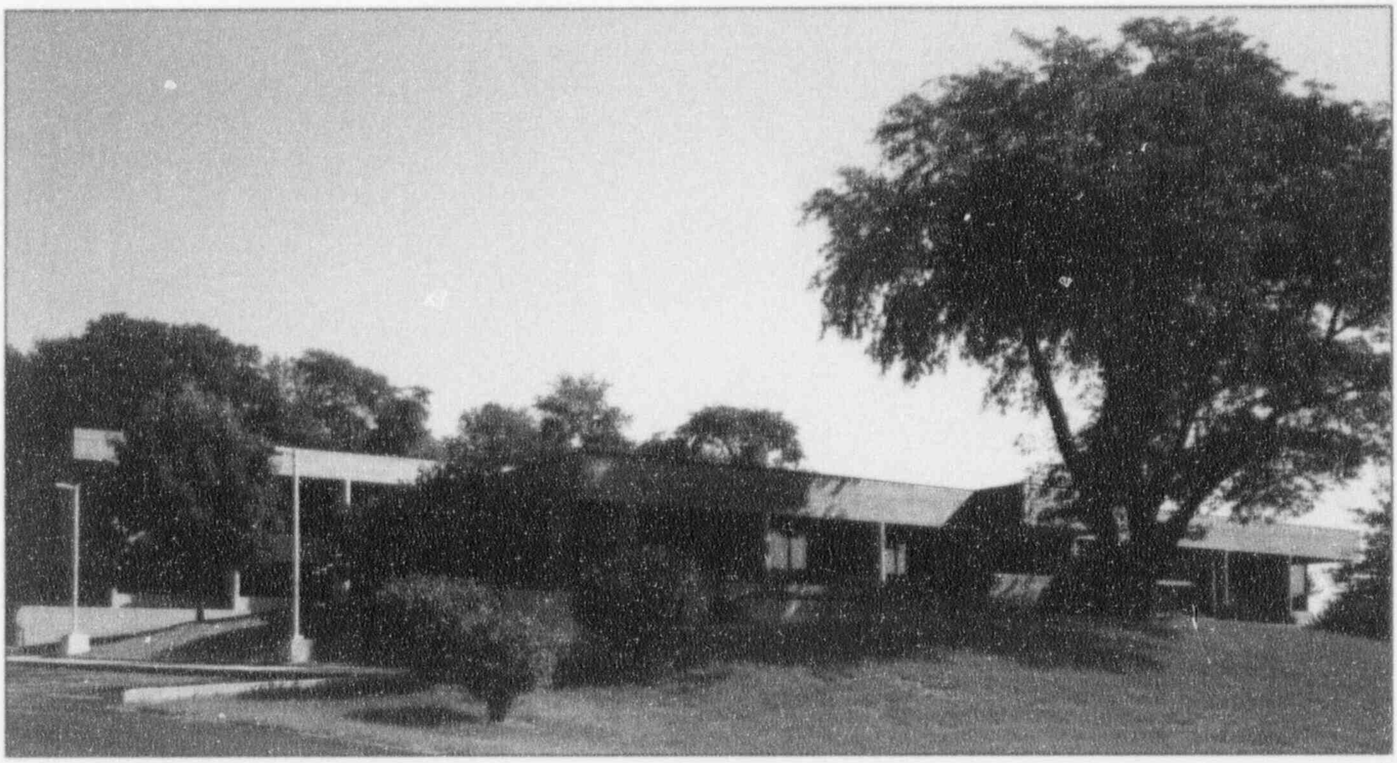
Michael Greene
Rideta Electric Cooperative, Inc.

Dave Ferris
South Iowa Municipal Electric Cooperative Association

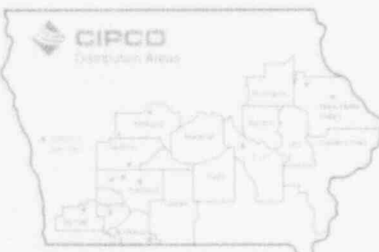
Darrel Heetland
T.I.P. Rural Electric Cooperative

1992

CIPCO SYSTEMS



Adams County Cooperative Electric Co. • Corning
Benton County Electric Cooperative Association • Vinton
Buchanan County Rural Electric Cooperative, Inc. • Independence
Clarke Electric Cooperative, Inc. • Osceola
Eastern Iowa Light and Power Cooperative • Wilton
Farmers Electric Cooperative, Inc. • Greenfield
Guthrie County Rural Electric Cooperative • Marion
Maquoketa Valley Rural Electric Cooperative • Anamosa
Marshall County Rural Electric Cooperative • Marshalltown
Midland Power Cooperative • Jefferson
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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