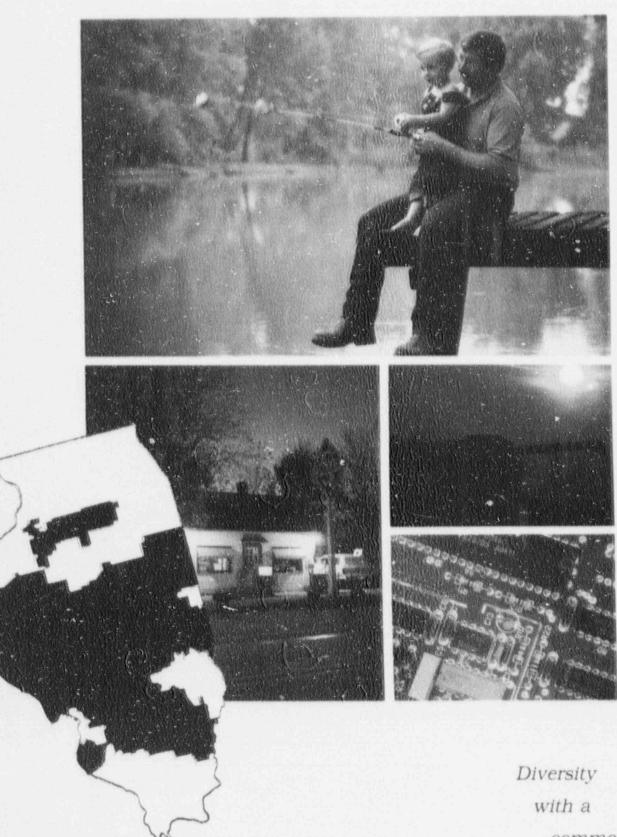
# SOYLAND POWER COOPERATIVE, INC.

1990 Annual Report



with a common purpose.

Diversity with a Common Purpose Soyland Power Cooperative is a member-owned, not-for-profit electric generation and transmission cooperative which supplies wholesale electricity to 21 member distribution cooperatives. These distribution cooperatives provide retail electric service to approximately one-half million persons within their local service territories. Soyland is one of more than 60 generation and transmission (G&T) cooperatives that supply wholesale electric power to rural utilities in the United States.

Soyland was organized by six distribution cooperatives in September 1963, under the General Not-For-Profit Corporation Act of the State of Illinois. Leaders of those cooperatives saw Soyland as a way to gain energy independence and control over electric power costs. In 1975, nine additional cooperatives joined the original six (two have since merged), and plans were launched to develop a reliable and economical power supply system. Western Illinois Power Cooperative, with seven member distribution cooperative systems, merged into Soyland in March 1989, to form the cooperative federation if at today supplies the electric power needs of nearly two-thirds of the land mass of the State of Illinois.

Applied Energy Systems, Inc., the parent company of WaterFurnace of Illinois, Inc., is a wholly owned for-profit subsidiary of Soyland Power Cooperative. WaterFurnace of Illinois is marketing geothermal heat pumps throughout the 21 member cooperative service areas. This year Applied Energy executed a distributor agreement with Steffes ETS, Inc., a leading manufacturer of electric thermal storage heaters. Applied Energy Systems is pursuing other opportunities to assist Soyland's members to meet the needs of the consumers they serve.

Soyland and its 21 member distribution cooperatives are continuing to pursue opportunities to make rural Illinois a better place in which to live. We remain committed to enhancing economic development opportunities to attract businesses to rural service areas to, in turn, provide jobs for rural consumers.

Since its inception in 1963. Soyland's goal has been to provide a dependable source of wholesale electric power to its members at the lowest possible cost. Today, through its unique blend of fuels and generating plants. Soyland has built a stable base from which to meet the electric energy requirements of its member systems.

President Joseph J. Fellin Executive Vice President and General Manager E. H. Williams





Diversity with a common purpose. Soyland is a combination of 21 member cooperatives, each having a diverse and unique operation, yet all having a common tie that binds. We are all in the business of providing reliable electric power to our members at the lowest possible cost.

However, we don't just stop at providing electric service. Soyland and its member cooperatives are committed to improving the quality of life for the people we serve in rural America. We care about jobs for rural people; we care about health care for rural people; we care about improving the infrastructure of communities in rural areas: we care about the health of our rural economy And our cooperatives are tuned into the needs of the rural people we serve.

Our member cooperative employees know the heartbeat of the communities they serve, and our cooperatives are willing to get involved and help people.

#### Rural Partners

Soyland took a leadership role in creating and organizing RURAL PART NERS, the Illinois coalition for rural community development, and has continued to foster its growth. Soyland is part of the three year program entitled, "Helping Rural Communities Prepare for Economic Development. which is funded by a \$602,000 grant from the W. K. Kellogg Foundation of Battle Creek, Michigan. with additional funding from the University of Illinois, Sovland and members of RURAL PARTNERS. The purpose of RURAL PARTNERS is to empower local community leaders to design and manage the change and development of their

communities. Economic development can bring jobs, people, and new energy to a community, but economic development projects will fail if local people are not ready for change, or cannot manage the changes that affect a community's social, political, and economic fabric.

In February 1991 RURAL PARTNERS announced the selection of six counties which will participate in a three year program to develop communities through local volunteer efforts. Five of the six counties are in the Soyland service area and have local cooperative involvement and support. Each of these counties have identified four to six county coordinators who will participate over the next 30 months in a series of self-help learning programs developed by universities throughout the state.

## Community Development Corporations

Soyland has also joined forces with community banks in three areas of the state to help promote with emphasis on projects to create jobs and stimulate local business growth. Soyland's leadership role in the Bank Community Development Corporations (CDC's) once again demonstrates our commitment to the health of our rural communities. Sovland is an equity partner in Rural Adams Development Corporation. Illini Community Development Corporation, and Development Corporation.

Under the cooperative plan, the banks, utilities and other private partners share the risks no individual institution could consider, and they share the benefits too, namely, they build a stronger customer base and positively influence economic growth. That means additional jobs, heightened consumer demand, stronger public funds through an increased tax base and a more diverse economy.

#### Rural Bond Bank

Soyland actively supports the newly created Illinois Rural Bond Bank. The Illinois Rural Bond Bank helps finance infrastructure projects for local governments in 96 rural Illinois counties. The Bond Bank was organized to assist local governments in borrowing funds at reasonable interest rates. In the past, the smaller towns and counties were infrequent issuers of bonds and were not known to the bondbuying marketplace. As a result many opportunities to make infrastructure improvements in small and rural communities were missed. By pooling the needs of these smaller units of local government. the Bond Bank can offer the same credit advantages enjoyed by larger cities.

By serving as a Commissioner on the Illinois Rural Bond Bank, by chairing the Illinois Food Processing Task Force, by participating in the Illinois State Chamber's Task Force on Economic Policy, by presiding over the state association of economic development professionals. Soyland staff centinues to exhibit support for rural economic development.



# Legal Issues

The year 1990 also saw many important developments in the area of legal activities of the cooperative. Of singlemost importance, Soyland management, the board of directors and legal counsel negotiated a very favorable settlement in the litigation Soyland initiated against Illinois Power Company for damages resulting from the construction of the Clinton Power Station. The major component of the settlement was a substantial amendment to Soyland's Power Supply Agreement with Illinois Power.

The original Power Supply Agreement between Illinois Power and Sovland went into effect in January 1985. The agreement gave Sovland the right to 10.7% of the output of Illinois Power's fossil fueled power plants, use of IP's transmission system, and joint economic dispatching of Soyland and Illinois Power generating capacity. Under its terms. Soyland would have been required to secure new sources of generating capacity to provide for the cooperatives' future power supply beginning in the vear 1995.

The recently-negotiated amendment to the Power Supply Agreement provides Soyland and its 21

member cooperatives with a broad mix of generating capacity, use of the transmission system, and economic dispatching of generating units at a reasonable cost for the next 20 years or longer. Among the significant changes, the amendment increases the amount of electric generating capacity Soyland receives from each of Illinois Power's fossil fueled power plants, eliminating the need for Soyland to spend millions of dollars as early as 1995 to build a major electric generating plant of its own.

Other significant legal developments involved the dismissal of litigation which a small number of consumers calling themselves the Federation of Rural Illinois Electric Ratepayers initiated against many of the Soyland directors and officers for personal liability arising from Soyland's participation in the Clinton Power Station. The Illinois Supreme Court refused to review the matter any further. thus rendering the dismissal final and unappealable.

In other developments. 1990 saw no real change in the status of litigation which Soviand initiated against Rural Electric Convenience Cooperative Co. (RECC). Soyland filed suit for recovery of certain monies withheld by RECC under Sovland's equity funding plan. The suit also asked for declaratory relief in the form of a judgment holding that the wholesale power contract entered into between RECC and Western Illinois Power Cooperative, Inc. (WIPCO) is a binding and legal obligation which now inures to the benefit of Soyland by reason of the merger of WIPCO into Soyland in 1989. Both the Rural

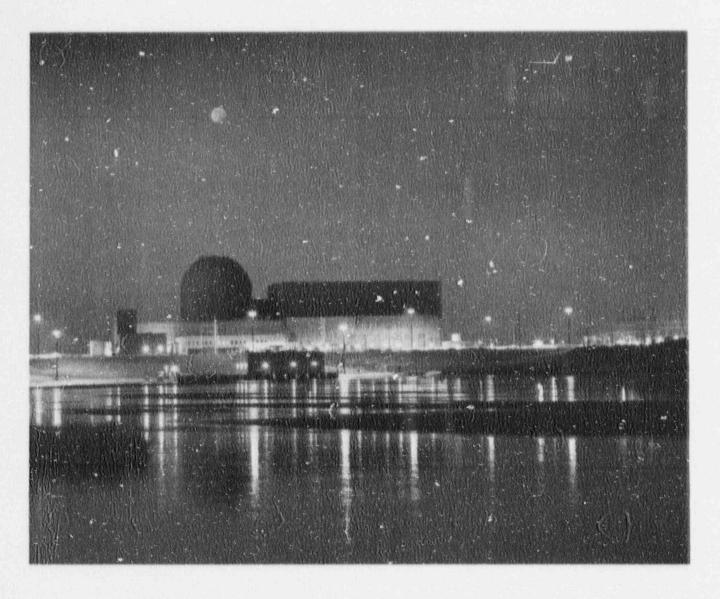
Electrification Administration (REA) and the National Rural Utilities Cooperative Finance Corporation (CFC) have joined Soyland in this litigation. The case is currently before the United States Circuit Court of Appears for the Seventh Circuit on an appeal of an earlier ruling from the trial judge on the REA's motion to enjoin a state court proceeding which RECC initiated against Sovland seeking to void the wholesale power contract. It is anticipated that the litigation will soon be allowed to proceed and that the parties will be able to engage in discovery starting in mid-1991.

#### Generation Mix

Sovland has a broad mix of generating capacity to meet its needs through at least 2011 Supplying about 25% of our total energy requirements, the nuclear Clinton Power Station provides Soyland with 125 megawatts of base load generation. 'Vhen the full financial impact of the 1990 Clean Air Act hits our coal fired generating plants, we should begin to appreciate the environmental advantages our nuclear plant offers.

Clinton's second refueling outage was completed in March 1991, with the next refueling outage scheduled for the spring of 1992. During the refueling ou.age, one third of the fuel bundles in the reactor core were replaced. Corrective and preventative maintenance were also performed and modifications were made to enhance the plant's

performance.



The Pearl Station continued to be an excellent performer in 1990. A.though the 22-megawatt unit is very small, its operating record has proven to be well above average. Because of its economical operation, the unit was on line more than 11 months last year. Soyland has a good, lean operating staff at Pearl which has kept costs down when compared to other generating sources.

# Clean Air Act

The Clean Air Act. passed by Congress and signed into law by President Bush in late 1990, will have a financial impact on Soyland and other midwestern utilities. Although the Pearl Station will not be affected, our participation share in four of Illinois Power Company's fossil fueled units will require reductions in sulfur dioxide emissions.

Through our Power Coordination Agreement with Illinois Power, Soyland will pay for its share of compliance costs.

The 950 megawati Clinton Power Station provides Soyland with 125 megawatts of base-load generating capacity.



Management Staff: Left to right Stephen E. Parr. Manager of Engineering & Operations, Jim Greenwood, Manager of Power Supply: Michael S. Beer, Attorney: Petricia S. Reynolds, Director of Public & Government Relations: Douglas A. Dougherty, Director of Economic Development: Robert K. Harbour. Kenneth W. Kammeier, Manager of Finance & Administration. Not pictured: Lee Wilmes. Although we prefer to continue using high-sulfur Illinois coal as the primary fuel, switching to low-sulfur Western coal cannot be ruled out as an option. Illinois Power will apply to the U.S. Department of Energy to host a Clean Coal Technology Project at the Baldwin Station DOE funding could significantly reduce the cost of constructing a high-technology clean air system at Baldwin.

# Subsidiary Operations

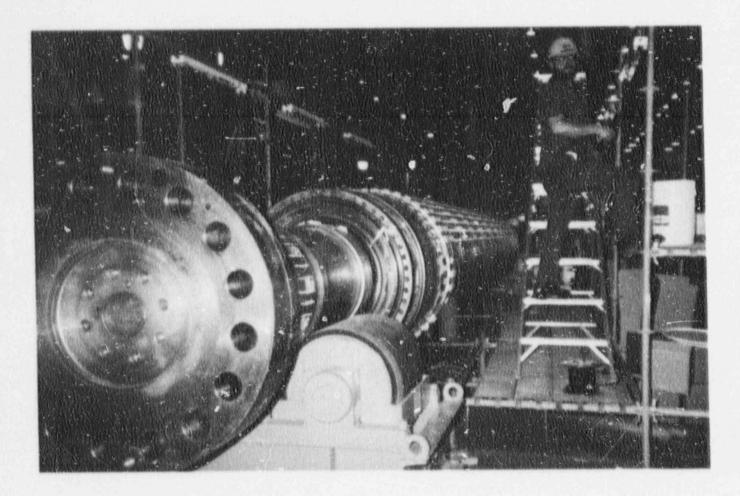
Applied Energy Systems, Inc., the whollyowned subsidiary of Soyland, showed an increase in sales of Water-Furnace geothermal units with a total of 365 units sold through the dealer network.

Applied Energy renegotiated the distributor agreement with WaterFurnace International, adding several counties in Missouri to its service territory

This year, Applied Energy executed a distributor agreement with Steffes ETS, Inc., a leading manufacturer of electric thermal storage (ETS) heaters. The ETS heaters offer cooperative members the benefits of electric heat with the advantage of incentive electric heat rates.

Through our subsidiary operations we are a recognized leader in marketing. Applied Energy will continue to assist the member distribution cooperatives in the promotion of geothermal systems and

ETS heaters.



# Forward Looking

We are fortunate to have a new vice president and assistant general manager with over 30 years of electric utility experience. Robert K. Harbour joined our organization in December 1990, after leaving Iowa Southern Utilities Company in Centerville, Iowa

Harbour adds a valued dimension to our organization with a broad base of experience from all avenues of the electric utility business. Soyland hit the ground running in 1990. Our team of officers, directors, management and employees have brought us to where we are today. We are well equipped to meet the challenges of the future and look forward to it with optimism.

rotor was sent to General Electric for repair in 1990.

The Baldwin Power Station, Unit 3,

Exterillen

E. H. Williams Executive Vice President and General Manager

Joseph Fellin

President, Board of Directors

## Adams Electrical Co-Operative

## BOARD OF DIRECTORS

Adams Electrical Roger C. Mohrman Robert D. Smith

Clay Electric
James E. Campbell
H. Clifford Cammon

Chaton County James B. Riddle Kenneth G. Heinzmann





A diverse group of businesses and industries have come onto the Adams Electrical system in recent years and several longtime businesses have expanded. providing new job opportunities. Doyle Equipment Manufacturing of Quincy has added a new product line, providing fertilizer blending and spraying equipment for agricultural services companies. This company is on an interruptible rate provided by the cooperative.

Adams works closely with the Great Rivers Economic Development Foundation. (GREDF). local chambers of commerce and other area development organizations. Roger Mohrman was elected president of GREDF for 1991 and Adams staff members are active in several other organizations such as the

Regional Economic Development Consortium. Adams Electrical is taking a leadership role in developing several industrial sites across its six-county service area. One of the more important sites is a parcel of land at the Quincy airport, which was the site of a well publicized Air National Guard exercise in August. This week long exercise of an F-16 fighter jet squadron demonstrated the physical capability of the airport and has been portrayed in several major aviation magazines.

Adams Electrical offers a number of promotional and incentive programs and rates to its members. Adams has been a leader in the promotion of timeof-day rates and the use of electric thermal storage

units

Several rural Adams County banks, along with Soyland, have joined forces to boost economic development projects in Adams County. The Rural Adams Development Corporation announced in December has been formed to help businesses in need of additional capital. Assets pledged by each bank, along with a contribution from Soyland, have been matched by a grant from the State of Illinois to create a pool of loan money for business startups, expansions, modernizations, relocations and retentions in Adams

# Clay Electric Co-operative, Inc.

Clay Electric Co-operative serves a truly rural service area. However, in addition to the residential services, the cooperative serves numerous oil wells, which collectively make up 10-15% of its system load.

Clay Electric offers a fall grain drying rate as an incentive for farmers to use electricity at a reduced cost. The cooperative also offers an interruptible rate to its larger members, providing the member with a reduced electric rate if the member curtails load during peak demand times.

The cooperative's staff is involved in local chamber of commerce and service organization

activities.





Clinton County Electric Cooperative, Inc.

Ciinton County Electric Cooperative offers a broad array of marketing programs to its members. Although Clinton County Electric serves primarily residential loads, it has experienced growth in the industrial sector recently. The cooperative management believes it is extremely important to offer the member a choice.



Clinton County Electric actively promotes geothermal heating and cooling systems to its members by offering no-interest





#### BOARD OF DIRECTORS

Coles-Moultrie Electric

financing for up to 60 months

The cooperative also offers a time-of-day rate to both the residential and commercial sector. Six major members are on an interruptible rate. And the cooperative implemented a new interruptible rate available to the more than 200 dairy farms it serves.

The cooperative's water heater program allows each participating member a water heater at no cost; however, the member must agree to allow the cooperative to interrupt electric use by radio control for a period of 10 years.

During the summer of 1990 the cooperative launched an electric load retention and expansion program which provides each participating member with a free Electric Thermal Storage Unit (ETS). An ETS unit is designed to store off-peak energy at a reduced rate which will then be utilized during high demand hours. This program allows the cooperative to reduce its peak demand.

The cooperative works to promote Clinton County and produced a videotape called "Gateway to Growth." which promotes the Clinton County area to business and industry.

Clinton County Electric has also received approval for a \$100,000 no-interest Rural Electrification Administration loan for economic development

# Coles-Moultrie Electric Cooperative





A diverse group of new businesses has recently located in the service area of CMEC. Vogel Microwave Foods is a storage and production facility for microwave popcorn providing a market for the eastern Illinois popcern producers. The cooperative also serves the new regional cancer center at Sarah Bush Lincoln Health Center, which is one of CMEC's largest loads. Mid-State Tank Co., an agriculture tanker manufacturer, is new to CMEC's lines, as well as Carle Clinic and the headquarters of Coles-Together.

The cooperative provides low interest loans for members replacing existing fossil fuel furnaces with a heat pump or geothermal heating system. It also offers four new optional rates and a monthly incentive program for water heaters. Each of these rates is designed to lower the cost of heating

and cooling homes or businesses. These rates include a dual heat and air conditioning rate, dual heat-only rate, geothermal heating and cooling rate. and an air conditioning-

only rate.

The cooperative is active in several economic development organizations including Coles-Together, an organization recently developed to collectively promote all of the communities within Coles County, and the East-Central Illinois Development Corporation. a participant in the Illinois Corridors of Opportunity Program.

# Corn Belt Electric Cooperative Inc.

The cooperative serves in and around Bloomington-Normal, one of the fastest developing areas in downstate Illinois. The Twin Cities are home to State Farm Insurance, Country Companies, Illinois State University and Diamond-Star Motors, a joint auto manufacturing operation owned by Chrysler Corp. and Mitsubishi Motors. Corn Belt and other





power suppliers in the area have kept pace with these growing firms, posting impressive growth in load and energy sales. Corn Belt's system load has grown 39 percent since 1985.

Much of this growth is centered on the outskirts of Bloomington-Normal. It's there that the cooperative serves growing subdivisions and a diverse group of business operations. New loads Include an Internal Revenue Service distribution center that employs 250 persons year-round and an additional 950 people during the peak tax season from October to April

Unit Distribution is another fairly new facility on Corn Belt's system. Unit Distribution, which provides "just-in-time" delivery of parts to Caterpillar. Diamond-Star and other companies, employs 325 persons. Another facility on Normal's west side, near Diamond-Star. is Vuteq, which provides windshields and other auto parts to the auto plant. Vuteq has brought about 80 new jobs to the area. Also nearby is the Pittsburgh Paint and Glass (PPG) facility, which employs 18 and supplies the auto plant with paint.

The cooperative actively promotes a time-of-day rate by supplying each interested member with an efficient water heater at no cost. The cooperative then controls the use of these water heaters for 2-4 hours per day. Corn Belt offers a unique low cost air conditioning rate if the member is willing. to interrupt 15 minutes out of each hour when the temperature hits 88 degrees. The cooperative also offers an economic development rate to new or expanding businesses such as its newest member, the Days Inn south of Clinton, Illinois.



#### BOARD OF DIRECTORS

Eastern Illim Electric Wm. David Champion, Jr Gene P. Warmbir

Edgar Electric Thomas J. Hentz Joe Welsh

Farmers Mutual Electric Robert L. Delp Durwin J. Mann





# Eastern Illini Electric Cooperative

Eastern Illini Electric Cooperative actively pursued ways to allow the member to take control of his electric bill by offering a comprehensive set of innovative rate structures and promotional programs. A theme which runs through most of these incentives is to shift the operation and usage of kilowatt-hours from peak to off-peak and at the same time increase kilowatt-hour sales. The cooperative promotes the latest in home heating system technologies including geothermal. thermal storage and dual system designs. The success in member acceptance of these programs is a testimony to the cooperative's commitment to member communication.

The cooperative currently offers an economic development rate and interruptable rate to satisfy the growing needs of their commercial and industrial members. Concurrently. EIEC is actively involved with several organizations throughout its service area which encourage economic growth through business expansion and location.

EIEC played a key role in Ford County submitting a RURAL PARTNERS application which was chosen as one of the first six counties to participate in the program.

In some cases EIEC has gone beyond providing electric service to assist members to maintain a quality of life equal to metropolitan areas. For example, the cooperative is providing entertainment programming through satellite services offered through the National Rural Telecommunications Cooperative. Manager Dave Champion is on the board of directors of NRTC

# Edgar Electric Co-operative Association





Edgar Electric Cooperative Manager Tom Hentz was instrumental in the development of a

local Community Development Corporation. Illini CDC, which works to retain and create high quality employment opportunities in east central Illinois. The Illini CDC, a private partnership between local area banks, the local cooperatives and Soyland, provides seed capital for expansion and development efforts.

A planned Illinois
Department of Corrections
prison work camp will
bring a major new electric
load to the cooperative
and a projected 110 new
jobs to the area. Construction on the minimum
security prison facility at
the north edge of Paris is
underway, with completion scheduled for late
summer.

An expansion at Northrup King's Paris seed corn processing facility has created six new full time jobs and 35.40 seasonal jobs. The facility has provided a major load for the superative for 20 years nd energy sales will increase dramatically because of the expansion. Edgar Electric serves the expanded facility on a special rate designed by the cooperative

The cooperative offers economic development and interruptible rates to industrial loads as well as time-of-day rates in the residential and commercial sector.

Edgar Electric is active in the area's economic development organications, which include the Paris Economic Development Corp. (PEDCO), the Paris Chamber of Commerce, Promote Paris, the East Central Illinois Development Corp. and the Illinois Development Council.

# Farmers Mutual Electric Company

The cooperative basically serves farms and rural homes in some 10 subdivisions in the Farmers Mutual \*crvice territory. The small cooperative doesn't serve any major industrial or commercial accounts, but Farmers Mutual did see some growth in 1990.

Farmers Mutual's electric sales have remained

Farmers Mutual's electric sales have remained flat during the past 10 years. Grain drying is a main contributor to the ecoperative's energy sales.

The cooperative is an involved and active supporter of the Geneseo Chamber of Commerce and the Geneseo Development Group. The cooperative is supporting Heavy County's application for community development assistance from the RURAL PARTNERS program.







#### Illinois Rural Electric Co.

#### BOARD OF DIRECTORS

Illinois Rural Electric Robert E. Gant William Griswold

Illinois Valley Electric Tunothy L. Christensen Joe Danielson

McDonough Power William C. Lemons Lyndall Pigg





The cooperative was an active supporter and participant in the effort to bring an Illinois Department of Corrections minimum security work camp to north Greene County Construction of the work camp, which will be terved by the cooperative, is scheduled to begin sometime this year.

The cooperative has worked closely with the Greene County Economic Development Corporation and received approval for a \$75,000 interest-free economic development loan from the Rural Electrification Administration. A 20-acre industrial park will be located adjacent to the prison work camp. Illinois Rural and Sovland will actively promote the park to prospective businesses.

IREC continues to offer a reduced rate during the heating season to allelectric members. Energy audits are conducted by the cooperative and used to size WaterFurnace systems for members. Rebates for the installation of new geothermal units and ERC loans for placement units are available to all members.

The cooperative sells both small and major appliances to its members with financing available. It also sells satellite TV equipment and programming to members.

Several of the cooperative's large power members are operating under a new time-of-day rate. This rate provides significant savings to the business while lowering the cooperative's overall cost of operation.

IREC is active in a wide variety of organizations working to promote development in western Illinois. The cooperative is a member of both the Winchester and Pike County chambers of commerce and participates in the Western Illinois Corridor Council. Manager Ed Gant is a member of the board of the Tri-County Community Development Corporation representing Soyland Power, an equity partner.

# Illinois Valley Electric Cooperative, Inc.

Illinois Valley Electric. with service territory in north central Illinois, has several new loads on its system. The cooperative serves a major silica sand mining operation, an FM radio broadcasting facility, a television station and a seed corn drying operation. Each of these loads is on a specially designed rate benefiting both the member and the cooperative.

IVEC offers a number of load management programs which have reduced IVEC's peak demand costs and have helped to stabilize rates. The cooperative offers a dual heat plan that provides a reduced





electric rate for off-peak home heating, as well as a cash bonus for the installation of an all-electric heating system. The cooperative also offers advantages for using electric water heaters, water heater timers, security light rental, air conditioner load levelers, and off-peak irrigation.

Through its affiliation with Soyland, IVEC is a partner in an aggressive economic improvement program. It has contributed financially and participated in a number of activities with various regional economic development groups. Illinois Valley Electric works with its membership and all communities within its service area to promote economic growth, jobs and business expansion in parth central Illinois.



McDonough Power Cooperative

The cooperative has been an active participant in the Macomb Area industrial Development





# BOARD OF DIRECTORS

M.J.M. Electric Dennis A Eldon E. Moore

Mens d Electric

Do and W. Smith

Michael E. Caris

Monroe County Electri Joseph J. Fellin Donald L. Glether Company (MAIDCO), which has helped bring several new industrial facilities to the area in recent years, creating some 300 new jobs. Manager Bill Lemons, who sits on the board of MAIDCO, recognizes that the spin-off benefits of some new home construction and increased commercial demand are helping the cooperative.

The cooperative will provide electrical service to a series of cellular telephone towers being constructed in the area. Partnerships to assist small and emerging businesses have been formed with Western Illinois University, the Western Illinois Corridor Council, and the State of Illinois, McDonough Power and Soyland are active participants in these collaborative efforts.

# M.J.M. Electric Cooperative, Inc.

M.J.M. offers a rebate to members who install new whole-house, permanently installed electric heating systems such as ground source heat pumps or





storage heating systems coupled with individual warm-room units. M.J.M. offers a rebate program to encourage the use of high enficiency electric water heaters and has implemented a rental program for high efficiency security lights. The cooperative has promoted these programs through a variety of marketing efforts.





Menard Electric Cooperative

Supplying electric power to the many irrigation systems in its service territory is a key element of Menard Electric's business. The cooperative offers an interruptible rate to farms as an incentive for continued electric use.

The cooperative extended service to Grosch Irrigation Co. of rural Mason City this summer. The 60-year-old company has been in the Mason City area for 12 years. The company, which provides services across the entire state has 13 full-time employees. Grosch and its

competitors service and install irrigation systems, many of them in the cooperative's service territory.

The cooperative is positioned to extend service to e site for the proposed Jumps Hotel, just north of Springfield. Menard Electric has also experienced new nome growth and actively promotes geothermal heating and cooling systems.

Menard Electric took
the lead in developing a
joint television advertising
campaign with several
other cooperatives.
Soyland and WaterFurnace of Illinois also
participating. The advertising campaign resulted
in direct inquiries to the
cooperative regarding
electric geothermal
heating and cooling
systems.

The cooperative is very active in local community service organizations, with employees holding leadership positions in the Petersburg Chamber of Commerce, the Menard County Board, Lincoln Land Community College, the Zoning Board, the Petersburg Fire Department, Petersburg city government and various economic development organizations.

# Monroe County Electric Co-Operative, Inc.





Monroe County Electric
Co-Operative is active in a
variety of local organizations working to promote
economic development
including the Monroe
County Economic
Development Commission, the Waterloo
Chamber of Commerce,
the St. Louis Regional
Commerce and Growth
Association and the
Southwestern Illinois
Planning Commission.

The cooperative has been involved in the pro-posed creation of the Fountain Water District in rural Monroe County which would greatly enhance local economic development efforts. Cooperative service territory not currently covered by a water district would become suitable acreage for business location. The cooperative continues to participate with its local communities in business retention activities.

Monroe offers a significant rebate for the pur-



#### BOARD OF DIRECTORS

Shelby Electric James E. Colemar L. Eugene Boldt

Southwestern Elec Gary Wobler Alan G. Labbra chase of an Electric
Thermal Storage Unit. By
installing an ETS unit. a
member of Monroe can
take advantage of a low
dual electric heat rate.
The cooperative has used
this program to retain
residential usage of
previously-installed electric heat while controlling
the growth of electric consumption in the winter
during peak times.

### Rural Electric Convenience Coop. Co.

Located just south of the Illinois state capitol. Rural Electric provides service to rural areas and expanding subdivision areas. The cooperative has seen diverse load growth in recent years, ranging from a massive frozen food warehousing facility to a 2.000 square foot antique mall.

The cooperative aggressively markets the use of heat pumps, electric water heaters, baseboard heat and electric clothes dryers through significant rebate programs. The cooperative also offers its members energy loans of up to \$5.000 at 5% interest over a seven-year

The cooperative supports an aggressive member services and marketing program.

Rural Electric is involved in the activities of its area chambers of commerce and economic development commissions.

# Shelby Electric Cooperative





Shelby Electric Cooperative practiced what it preaches and installed a WaterFurnace geothermal heating and cooling system in its head-quarters building this year. The cooperative will use the system to demonstrate energy savings to its members.

The new Department of Corrections medium security prison near Taylorville is a major new load for Shelby Electric. The facility is providing several hundred new jobs for the Christian County area. When it's full, the facility will house some 800 inmates. Shelby Electric built a new substation at the prison to serve the facility.

Shelby Electric also serves the Eagle Creek Resort and Conference Center at Eagle Creek State Park. In addition to a luxurious 138-room Clarion Inn hotel, restaurants and conference facility, the resort also features an 18-hole championship golf course. The resort has helped create 170 new jobs for the area.

The cooperative helped sponsor the Festival of Lights, a lighted holiday display on both sides of a mile-long road to the resort.

The cooperative recently assisted two longtime members in expanding their operations. Blevins Concessions, a popeorn processing and packing firm near Assumption, expanded its operations. adding a new 500 kv ser.ice. Garwood Seed Co., a locally-operated seed company, added a 500 ky service for new grain drying and storage facilities. Shelby Electric is also providing service to a new golf course near Pana. That facility will open next year.

Shelby Electric is involved in a variety of regional economic development activities. The cooperative is a member of the Shelbyville Industrial Development Committee and area chambers of commerce and manager Jim Coleman serves on the Shelby County Visitor's Association.

Coleman is also the Shelby County contact for the East-Central Illinois Development Corporation. Employees serve on county and local government boards and commissions and area service organizations.

# Southwestern Electric Cooperative, Inc.

Southwestern Electric Cooperative serves one of the fastest growing regions in the state. With much of its service territory located in the greater St. Louis metropolitan area, the coop-



erative has experienced significant commercial and residential growth. In order to keep pace with this demand for





#### BOARD OF DIRECTORS

Spoon River Electric Gregory A. Campbell Wayne Bollinger

Tri-County Electric James E. Hinman Irvin Stanford reliable and economic electric service, the cooperative implemented a wide range of end use programs. They include time-of-day rates, home energy system rebates. electric water heater incentives, interruptible and economic development rates. The cooperative currently has 11 businesses on its economic development rate which is indicative of the cooperative's involvement in local economic development activities.

Southwestern participates in a wide variety of economic development programs across its 10 county service territory, including the Madison County Leadership Council, three regional "Corridors of Opportunity" councils, RURAL PARTNERS and local chambers of commerce. The Mayor of Greenville is an employee of Southwestern.

# Spoon River Electric Co-operative, Inc.





A few new homes were built on the cooperative's system this past year. which is a big improvement over the past few years. This may be an indicator that the economy is slowly improving in the Spoon River Electric area. Manager Greg Campbell noted that five coal mines in Fulton County have closed since the early 1980s, taking approximately 1,000 jobs away from area residents.

Although the economy in the Spoon River area has suffered, the cooperative has aggressively supported area development activities. The cooperative supported Fulton County's application for the RURAL PARTNERS program and has offered to provide a staff member to serve as a community coordinator.

The cooperative offers a rebate program to the members on both electric water heaters and geothermal heating and cooling systems. Interruptible rates are available to qualified members and a water pumping station is currently benefiting from the rate.

The cooperative is active in the area's promotional activities.

Greg Campbell, the cooperative manager, serves on the board of the Fulton County Economic Development Corporation and a staff member is a board member of the Canton Chamber of Commerce.

# Tri-County Electric Cooperative, Inc.

Tri-County Electric Cooperative has a multifaceted marketing program designed to increase load while controlling costs by spreading the benefits of additional electric consumption among all members of the coop erative. Efforts to attract new industrial and commercial loads to its service area have resulted in several plant expansion. and new business start-ups.

Manager Jim Himman and the cooperative staff work closely with the Mt.





Vernon Industrial Development Board and Hinman is chairman of the board's jobs retention committee. That group meets monthly with local businesses and companies.

The cooperative is a strong supporter of the Salem I. Bustrial Park and contributes to the park's promotional and marketing efforts. Tri-County also works closely with the Rend Lake Conservancy District which holds several industrial sites along I-57 that are served by the cooperative.

Tri-County and lilinois
Power also recently
signed agreements that
clearly designate territories for serving all
future loads, including
large loads. This agreement will save time, confusion and disagreements
between power supplier,
for any future development in the area, Hinman
said.

The residential marketing program of Tri-County has been extremely successful in providing members with a variety of options to improve efficiency and lower costs. The cooperative actively promotes geothermal heat pumps and is among the leaders in cooperative member installations in the state.



# BOARD OF DIRECTORS

Wayne-White Counties
Dale Warren
Larry L. Hosselton

Western Illinois Electrical Paul M. Dion Haven D. Vaughn

# Wayne-White Counties Electric Cooperative





The cooperative is an active member in a number of community development organizations throughout its service area. The cooperative staff members hold leadership positions in regional corridor councils and individual community economic development organizations. The cooperative assisted two counties. Wayne and Hamilton, in the preparation of applications for selection in the RURAL PARTNERS program. "Helping Rural Communities Prepare for Economic Development." Both counties were among the first six counties selected in the program and Wayne-White Counties Electric Cooperative will continue its lead rship position for both counties.

During the past year the cooperative has expanded its load retention and expansion promotional activities and has attended fairs, trade shows and community events with displays and handouts. Four times a year, the cooperative sends its members information on incentive programs provided by the cooperative.

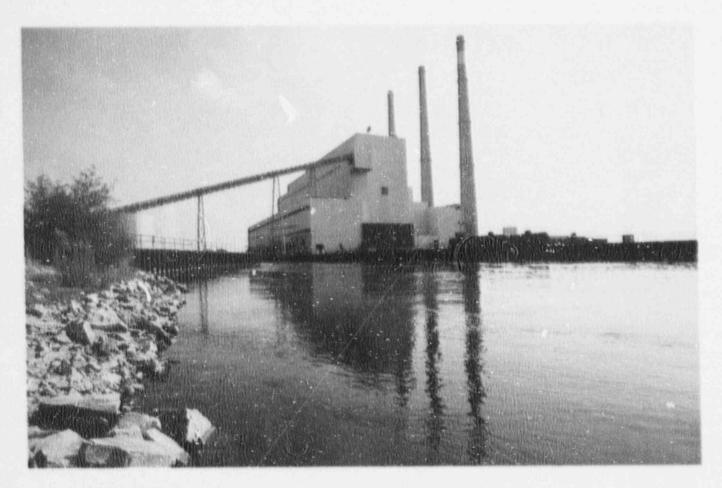
### Western Illinois Electrical Coop.

WIEC's membership consists primarily of residential and farm services. In recent years, the cooperative's energy sales have remained relatively constant, and even though building projects in the cooperative's service area have increased, its membership base remains fairly steady.

The cooperative has developed a marketing program called Service Plus. Among the programs offered are a geothermal heat pump program, a low-interest financing program, an electric water heater rebate program, an air source heat pump/ resistance electric heat program, a dual fuel program with a rebate, and a reduced rate for electric



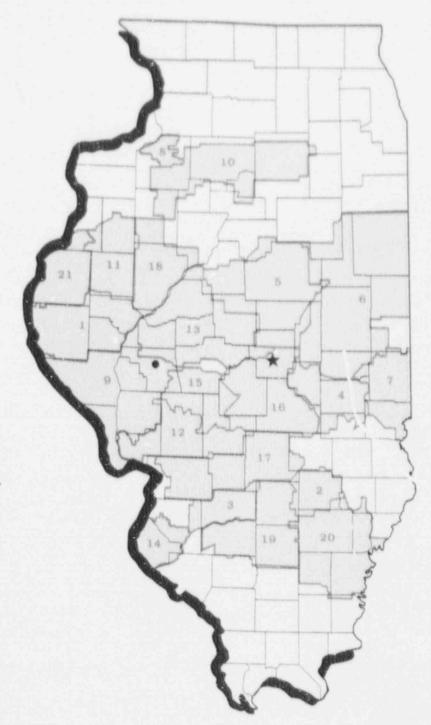




grain drying. WIEC also offers an economic development rate to new or expanding businesses.

Economic development activity is on the increase in WIE 's area. The Hancock County Economic Development Association was formed recently and the cooperative joined with Soyland to support the group. Western Illinois provides leadership by serving as the head of the Carthage Chamber of Commerce. There is also interest in forming a bank community development corporation and initial meetings have been held.

- ADAMS ELECTRICAL CO-OPERATIVE P.O. Box 247, Camp Point 62320
- CLAY ELECTRIC CO-OPERATIVE, INC. P.O. Box 517, Flora 62839
- 3. CLINTON COUNTY ELECTRIC COOPERATIVE, INC. P.O. Box 40. Breese 62230
- 4. COLES-MOULTRIE ELECTRIC COOPERATIVE P.O. Box 709. Mattoon 61938
- 5. CORN BELT ELECTRIC COOPERATIVE, INC. F.O. Box 816, Bloomington 61702-0816
- 6. EASTERN ILLINI ELECTRIC COOPERATIVE P.O. Box 96. Paxton 60957
- 7. EDGAR ELECTRIC CO-OPERATIVE ASSOCIATION P.O. Box 190, Paris 61944
- 8. FARMERS MUTUAL ELECTRIC COMPANY P.O. Box 43. Geneseo 61254
- 9. ILLINOIS RURAL ELECTRIC CO. 2-12 S. Main Street, Winchester 62694
- ILLINOIS VALLEY ELECTRIC COOPERATIVE, INC. P.O. Bax 70. Princeton 61356
- 11. McDONOUGH POWER COOPERATIVE P.O. Box 352. Macomb 61455
- 12. M.J.M. ELECTRIC COOPERATIVE, INC. P.O. Box 219. Carlinville 62626
- 13. MENARD ELECTRIC COOPERATIVE P.O. Box 279, Petersburg 62675
- 14. MONROE COUNTY ELECTRIC CO-OPERATIVE P.O. Box 128. Waterloo 62298
- RURAL ELECTRIC CONVENIENCE COOPERATIVE CO. P.O. Box 19. Auburn 62615
- 16. SHELBY ELECTRIC COOPERATIVE P.O. Box 166, Shelbyville 62565
- 17. SOUTHWESTERN ELECTRIC COOPERATIVE, INC. P.O. Box 409, Greenville 62246
- 18. SPOON RIVER ELECTRIC CO-OPERATIVE, INC. P.O. Box 340, Canton 61520
- 19. TRI-COUNTY ELECTRIC COOPERATIVE, INC. P.O. Drawer 309. Mt. Vernon 62864
- 20. WAYNE-WHITE COUNTIES ELECTRIC COOPERATIVE P.O. Drawer E. Fairfield 62837
- 21. WESTERN ILLINOIS ELECTRICAL COOP. P.O. Box 338, Carthage 62321



- \* SOYLAND HEADQUARTERS
  Decatur
- DISTRICT OFFICE Jacksonville



# KPNIG Peat Marwick

Certified Public Accountants

1000 Davenport Bank Building 220 Main Street Davenport, IA 52801

# Independent Auditor's Report

The Board of Directors Soyland Power Cooperative, Inc. and Subsidiary:

We have audited the accompanying consolidated balance sheets of Soyland Power Cooperative, Inc. and subsidiary as of December 31, 1990 and 1989, and the related consolidated statements of revenues and expenses, members' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Soyland Power Cooperative, Inc. and subsidiary at December 31, 1990 and 1989, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. KAMC Stat Stamuich

February 12, 1991



# December 31.

ASSETS (note 4)	1990	1989
ELECTRIC UTILITIY PLANT, at cost (note 3): In service Less accumulated depreciation	\$ 1,005,496,776 89,691,123	\$ 1,002.131,022 64,449,781
Construction work in progress	915.805.653 2.194.791	937,681,241 3,671,757
Nuclear fuel, at cost less accumulated amortization of \$12.611.170 in 1990 and \$9.348.100 in 1989  Plant site held for future use	20,136,530 7,262,285	21.616.517 7.260,346
Net electric utility plant	945,399,259	970,229,861
INVESTMENTS: Investment in associated organization, at cost Notes receivable (note 7). Marketable securities — decommissioning trust fund, at cost	16,020,811 8,930,000 521,058	13,245,370 8,930,000
Total investments	25,471,869	22,175,370
CURRENT ASSETS:  Cash Temporary investments Accounts receivable, members Other receivables Inventories Prepayments and other Recoverable energy costs	120,092 4,187,792 15,671,221 8,444,884 9,521,030 294,016 4,042,191	784,323 33,850,000 13,837,577 3,698,852 8,447,692 273,013 2,152,271
Total current assets	42,281,226	63,043,728
DEFERRED CHARGES:  Costs deferred under phase-in plan (note 3)  Deferred interest (note 4)	23,432,677 51,328,416	18.738,677 52,721,041
Total deferred charges	74,761,093	71 459,718
	8 1,087,913,447	\$ 1,126,908,677

# December 31.

CAPITALIZATION AND LIABILITIES		1990		1989
CAPITALIZATION:  Members' deficit:  Membership fees  Patronage capital  Other equity  Deficit	8	1,675 2,779,263 191,929 (48,675,238)	8	1,675 2,779,263 191,929 (48,727,674)
Total members' deficit  Long-term debt, excluding current installments (note 4).		(45,702,371) 1,004,162,842		(45,754,807) 1,020,556,635
Total capitalization		958,460,471		974,801,828
CURRENT LIABILITIES:  Current installments of long-term debt (note 4)  Accounts payable  Advances from members  Accrued interest  Accrued expenses  Total current liabilities		20,641,000 16,342,302 17,610,724 15,020,378 2,578,910 72,193,314		19,105,000 14,164,459 18,063,882 14,703,376 2,442,193 68,498,910
OTHER LIABILITIES-decommissioning reserves		521,058		400,000
DEFERRED CREDITS (notes 1 and 3): Equity funding payments		56,738,604		71,398,162 11,809,777
Total deferred credits		56,738,604		83,207,939
COMMITMENTS AND CONTINGENCIES (notes 7 and 8)		-		
	8	1,087,913,447	8	1,126,908,677

# Years ended December 31.

	****	A STATE OF THE STA		
	1990	1989		
OPERATING REVENUES:  Electric energy sales Sales of ground source heat pumps, net Distribution revenue Rent of electric property Other	8 181,607,405 1,184,477 617,000 66,113 23,282	8 169.150.042 906.976 737,009 29.636 28.173		
Total operating revenues	183,498,277	170.851.836		
OPERATING EXPENSES:  Operation: Purchased capacity (note 7) Energy costs (note 7) Production — other Transmission Distribution Cost of ground source heat pumps sold Maintenance Administrative and general Depreciation and amortization Property and other taxes Decommissioning provision Costs deferred under phase-on plan (note 3)	49,538,140 39,804,228 10,065,702 2,135,260 258,736 864,685 6,174,957 3,936,916 26,762,659 2,573,404 121,058 (4,694,000)	43,773,219 40,191,334 9,449,694 2,109,274 119,082 647,396 4,915,438 6,186,726 25,344,002 2,294,812 200,000 (13,448,081		
Total operating expenses	137,541,745	121,782,896		
Net operating margin	45,956,532	49,068,940		
OTHER REVENUE, principally related to plant ownership settlements (note 7)  Net margin before interest charges	8,385,156 54,341,688	7.966.110 57.035.050		
Interest on long-term debt Other Allowance for borrowed finds used during construction	54,055,446 2,006,630 (1,772,824)	57,066.491 1,457,612 (1,803,068		
Net interest charges	54,289,252	56,721,035		
Net margin	8 52,436	\$ 314.015		
	In Concession and Advances and Advances of			

# Years ended December 31,

	TORID CHUCH DECEMBE			
		1990		1989
CASH FLOWS FROM OPERATING ACTIVITIES:		80.400		314.015
Net margin Adjustments to reconcile net margin to net cash provided		52,436	Ф	314,015
(used) by operating activities:  Depreciation and amortization of electric utility plant  Amortization of deferred interest and recoverable		25,531,827		25.516.175
energy costs  Amortization of nuclear fuel Amortization of equity funding payments Amortization of deferred revenue Decommissioning provision		1,351,624 3,263,070 (14,659,558) (11,809,777) 121,058		4,077,631 2,170,430 (6,293,270) (12,215,000) 200,000
Increase in deferred interest and recoverable energy costs  Accretion of investment discount Patronage capital allocations not received in cash (Increase) decrease in accounts and other receivables Increase in inventories (Increase) decrease in prepayments and other Costs deferred under phase-in plan Increase in accounts payable and accrued liabilities		(1,848,919) (17,712) (3,144,389) (6,579,676) (1,073,338) (21,003) (4,694,000) 2,631,562		(2.795,422) (17,712) (2.917,432) 3.278,391 (1.817,478) 350,062 (13,448,081) 4.827,565
Net cash provided (used) by operating activities		(10.896,795)	-	1.229.874
CASH FLOWS FROM INVESTING ACTIVITIES: Additions to electric utility plant, net Additions to investment in associated organizations Additions to decommissioning trust fund Purchases of nuclear fuel		(2,181.212) (43,000) (521,058) (1,783,083)		(8,350,150) (39,243) (7,238,738)
Receipt of prior years' patronage capital allocations		411,948		371,886
Net cash used in investing activities		(4,116,405)	ereson.	(15.256.245)
Principal payments on long-term debt Proceeds from long-term borrowings Repayment of notes receivable (Decrease) increase in advances from members		(18,976,888) 4,136,807 (473,158)		(15,216,241) 3,365,000 16,174,890 10,083,685
Net cash provided (used) by financing activities	-	(15,313,239)		14.407,334
Net (decrease) increase in cash and cash equivalents		(30,326,439) 34,634,323		380,963 34,253,360
Cash and cash equivalents at end of year	8	4.307,884	8	34.634,323
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the year for interest	8	56,068,660	8	59,749,299
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES: The Cooperative made several reclassifications of costs in 1989 related to the Clinton facility as follows:			In	crease(decrease)
Electric utility plant in service Nuclear fuel Inventories				\$ 4,384,325 (3,754,667) (629,658)
In connection with the debt restructuring agreement with REA (see note 4), the Cooperative increased interest and restructured debt by \$11.315.725 relating to interest on the restructured debt for the period January 1, 1989, to March 29, 1989.				

# Years ended December 31, 1990 and 1989

	Member- ship fees	Patronage capital	Other	Deficit	Total members' deficit
Balance December 31, 1988	\$1,675	2.779.263	191.929	(49,041,689)	(46.068.822)
Net margin	THE RESIDENCE OF THE PERSON NAMED IN COLUMN 1	1941 Section Section (Section )	Marie Contraction (Contraction)	314,015	314.015
Balance December 31, 1989	1.675	2,779,263	191,929	(48,727,674)	(45,754,807)
Net margin	AND MARKET MARKET	STATE STATE OF THE	***	52,436	52.436
Balance December 31, 1990	\$1,675	2.779.263	191.929	(48.675,238)	(45,702,371)

December 31, 1990 and 1989

# NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. ORGANIZATION

The consolidated financial statements reflect the accounts of Soyland Power Cooperative. Inc. and its wholly owned subsidiary (the Cooperative). The subsidiary was created in 1987 for the purpose of selling ground source heat pumps to rural consumers. All significant intercompany transactions have been climinated in consolidation.

#### B. BASIS OF ACCOUNTING

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Electrification Administration. The Cooperative is a generation and transmission cooperative providing wholesale electric service to its twenty-one members located in central and southern Illinois.

The Cooperative's rates are established by the Board of Directors and are subject to approval by the Rural Electrification Administration. The Cooperative is not subject to the regulatory authority of the Illinois Commerce Commission.

The Cooperative has entered into wholesale power agreements with each of its members which require the members to buy and receive from the Cooperative all their power and energy requirements and require the Cooperative to sell and deliver power and energy in satisfaction of such requirements. The wholesale power agreements with the members extend to various years from 2015 to 2017.

#### C. 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 at rates ranging from 2.5% to 20%.

Based upon guidelines provided by the Nuclear Regulatory Commission and in conjunction with Illinois Power (principal owner and operator of the Clinton generating facility), the Cooperative estimates that its portion of the costs to decommission Clinton will be approximately \$17,400,000 (in 1986 dollars) which will not begin until 2027. The present value of the future decommissioning costs is being recovered over the life of the facility using the sixking fund method.

Maintenance and repair of property and replacements and renewals of items determined to be less than units of property are charged to expense. Replacement 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.

# D. ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION

The allowance for borrowed funds used during the period of construction represents the estimated interest cost of borrowed funds used for construction purposes. The composite rate used to calculate the allowance approximated 9.7% for 1490 and 8.4% for 1989.

#### E. NUCLEAR FUEL

The cost of nuclear fuel, including capitalized interes, and overheads, 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 and remitted to the Department of Energy which is responsible of the disposal of the spent nuclear fuel.

# F. TEMPORARY INVESTMENTS

Temporary investments consist of CFC commercial paper, treasury bills, and an interest bearing sweep account and are stated at cost which approximates market.

The Cooperative considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

# G. INVENTORIES

Inventories consist of material and supplies and are stated at moving average cost.

#### H. PENSION PLAN

The Cooperative makes annual contributions to the plan equal to the amount accrued for pension expense.

#### 1. POWER SUPPLY PAYMENTS

Payments made under power supply agreements (see note 7) are classified as purchased capacity, energy costs and transmission expense in the statements of revenues and expenses.

#### J. DEFERRED ITEMS

Deferred credits consist of equity funding payments and other deferred revenue. The equity funding payments were collected from members and were used to reduce borrowings related to the Clinton generating facility. These payments are being amortized to revenue over a seven year period beginning in 1988. The deferred revenue represents payments collected from members during 1987 and 1988 which primarily relate to estimated 1987 operating expenses of the Clinton generating facility that were not incurred due to Clinton not being placed into commercial operation until December 1987. These payments have been amortized to revenue over a three year period ending in 1990.

Deferred charges consist of costs deferred under a phase in plan (see note 3), deferred interest (see note 4) and recoverable energy costs in excess of revenue generated from the sale of power. These costs will be recovered through rates in future periods. The amount of these costs to be amortized in 1991 has been reflected as a current asset in the balance sheets.

#### K. RECLASSIFICATION

Certain accounts for 1989 have been reclassified to conform to the presentation for 1990.

#### NOTE 2 - MERGER

In March 1989, the Cooperative and Western Illinois Power Cooperative, Inc. (WIPCO) merged into one cooperative retaining the name Soyland Power Cooperative. Inc. The merger was accounted for as a pooling of interests effective January 1, 1989.

#### NOTE 3 -- ELECTRIC UTILITY PLANT IN SERVICE

The major classes of electric utility plant in service at December 31, 1990 and 1989, are as follows:

Nuclear plant and related facilities Steam and other production plant Transmission plant Distribution plant General plant	1990 \$ 962,030,386 12,992,114 16,302,261 7,232,467 6,939,548	\$ 959,077,083 12,989,275 15,974,002 7,164,230 6,926,432
Electric utility plant in service	\$1,005,496,776	\$1,002,131,022

The Cooperative (including WIPCO) has a 13.21% interest in the 950 megawati Clinton nuclear generating facility located in Clinton. Illinois which was completed and placed in service in 1987. The Cooperative's share of operating expenses associated with this facility is included with the appropriate operating expenses in the statements of revenues and expenses.

Prior to 1989, the Cooperative estimated its ownership percentage in the Clinton facility was 13.38% subject to adjustment based on the final direct cost to construct the facility. In 1989, the Cooperative negotiated a final settlement with Illinois Power Company (majority owner and operator of the Clinton facility) which established the Cooperative's final ownership percentage at 13.21%. The settlement resulted in a net reimbursement from Illinois Power Company of \$12.018.154, (including interest of approximately \$5.6 million) to reimburse the Cooperative for its proportionate share of the costs of Clinton based on the lower ownership percentage.

In 1990, the Cooperative and Illinois Power Company (IP) settled litigation initiated by the Cooperative gainst IP (as project Manager) concerning the construction of the Clinton Power Station and the related counter claims asserted by IP against the Cooperative. The terms and conditions of the settlement agreement provided that Soyland and IP dismiss all pending litigation and release each other from all claims resulting from the construction of the Clinton Power Station. The settlement also provided for an extension, and other modifications, of the Cooperative's power supply agreement with IP (see note 7). Also, as a

part of the settlement, the Cooperative will receive a cash payment from IP which has been included in other revenue in the statements of revenues and expenses. The settlement is subject to final approval by

In 1988, the Cooperative developed a rate phase-in plan in accordance with Statement of Financial Accounting Standards No. 92 which is designed to moderate rate increases related to the completion and commercial operation of the Clinton facility. The plan, which has been approved by the REA and the Cooperative's Board of Directors, includes the deferral of certain costs for future recovery and the amortization of equity funding and deferred revenue payments. Under the plan, the Cooperative originally intended to defer approximately \$47 million of certain operating costs of Clinton from 1988 through 1992 which will be recovered from members through rates from 1993 through 1997. Through 1990, the Cooperative has deferred approximately \$19,000,000 less in costs that anticipated in the original phase-in plan. The Cooperative estimates that its rates under the plan, net of equity funding and deferred revenue amortization, will increase yearly by approximately 3%-6% from 1991 through 1994 and remain level or decrease each year thereafter through 1999. Management believes that this plan will result in the full recovery of its investment in Clinton over the life of the facility as well as providing adequate funds to

# NOTE 4 - LONG-TERM DEBT

meet its operating needs.

Long-term debt at December 31, 1990 and 1989, consists of the following:

	1990	1989
Restructured debt — imputed interest at 2.703%, due in various quarterly installments through 2028  Federal Financing Bank (FFB) — 7.337% — 9.607% mort-gage notes payable, guaranteed by the Rural Electrifica-	\$ 497,485,003	8 507,796.875
tion Administration (REA), due in various quarterly installments through 2018 Rural Electric Cooperative Grantor Trust Certificates —	196,176,488	193,527,949
7.3% to 9.7% notes payable, guaranteed by the Rural Electrification Administration (REA), maturing in various amounts through 2017.	276,300,000	278,200,000
National Rural Utilities Cooperative Finance Corporation (CFC) — variable rate (currently 8.75%) mortgage notes payable, due in various quarterly installments through 1998	49.387.640	53.767.312
Rural Electrification Administration (REA) — 2% and 5% notes payable, due in quarterly installments through 2018  Notes payable — 7.375% due in equal installments through	20.434.097	21.301.173
1992	60,000	90,000
Total long-term debt	1,039,843,228	1,054,683,309
Less		
Current installments Reacquired Grantor Trust Certificates, net of discount	20,641,000 15,039,386	19,105,000 15,021,674
Long-term debt, excluding current installments and reacquired debt	\$1,004,162,842	\$1,020,556,635
		Acceptation of the Control of the Co

Concurrent with the WIPCO merger, the Cooperative negotiated a restructuring agreeme, ton March 29, 1989, with REA relating to approximately \$515,000,000 of outstanding debt (including accused interest) owed by WIPCO on various loans guaranteed by REA. The loans were obtained to finance construction costs relating to the Clinton generating facility. Under the restructuring agreement, WIPCO's debt was restructured into two notes payable to REA. Note A. for \$211.172.525 and Note B for \$304.066,284. The Note A bears interest at 10.06% and is due in quarterly installments through 2028.

The Note B bears interest at 10.06% and requires the Cooperative to make annual Energy Sales Payments (for principal and interest) on Note B beginning in 1993 through 2028. The amount of the Energy Sales Payment is based on a load growth formula (as determined by the agreement) which will result in a payment if, and only if, future load growth is achieved. To the extent that interest on Note B for any calendar year is not required to be paid, such unpaid interest is added to the unpaid principal balance of Note B. The amount of the Note B not repaid by December 31, 2028 is forgiven. Management of the Cooperative projects a stable load in future years and therefore anticipates that payments under Note B will be minimal, if any, Because of the uncertainty relating to the Cooperative's obligation to make principal and interest payments on Note B, only the required principal and interest payments on Note A have been used to compute the implicit interest rate of 2.703% on the restructured debt. In the event that the Cooperative's load growth is such that payments on Note B are probable, the implicit interest rate will be adjusted prospectively.

As part of the restructuring agreement, REA has included in Note B \$107,366,810 of prior period unpaid interest on the restructured debt. The Cooperative has included \$53,294,999 of this amount in electric plant (relating to the period the plant was under construction) and \$54,071,811 as deferred interest. The deferred interest will be amortized and collected through rates over the life of the restruc-

Annual maturities of long-term debt for each of the five years subsequent to December 31, 1990, are as follows: 1991, \$20,641,000: 1992, \$21,802,000; 1993, \$23,008,000: 1994, \$24,097,000 and 1995, \$25,313,000.

At December 31, 1990, the Cooperative had \$2,076,000 of unadvanced funds available from long-term loans approved by FFB and \$28,000,000 of unadvanced funds available from short-term loans approved by CFC.

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

#### NOTE 5 - PENSION PLANS

The Cooperative participates in a multi-employer defined benefit pension plan and a 401(K) defined contribution plan which covers substantially all employees. Total pension expense for both plans amounted to \$128,921 and \$146,726 for the years ended December 31, 1990 and 1989, respectively.

#### NOTE 6 - INCOME TAX STATUS

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

#### NOTE 7 - COMMITMENTS

The Cooperative anticipates that the Clinton generating station will furnish approximately 30% of its energy requirements. The current and additional long-term energy requirements will be furnished through power supply agreements with Illinois Power Company (iP) and Central Illinois Public Service Company (CIPS) as discussed below.

The Cooperative has contracted to purchase capacity from IP's fossil-fueled generating plants through 2011 as follows:

1991 · 1992 — 372 MW 1993 · 1994 — 278 MW 1995 · 2011 — 417 MW

The Cooperative has also contracted to purchase capacity from CIP's coal-fueled units through 1999 as follows:

1991 · 1994 — 214 MW 1995 · 1999 — 101 MW

The contract payments to IP and CIPS are determined on an "as if owned" basis and include capacity charges (consisting of production, operation and maintenance costs) and energy charges. Total contract payments made to IP and CIPS amounted to approximately \$49,400,000 and \$32,400,000, for 1990 and \$50,300,000 and \$26,900,000 for 1989, respectively.

The cooperative has a note receivable from IP for \$8,930,000 for working capital advances relating to the fossil-fueled plants under the power supply agreement described above. The note bears interest at 10.75% and is due in 1992.

#### NOTE 8 - CONTINGENCIES

Under the Price-Anderson Act (as amended in 1988), all nuclear power station operators are subject to public liability for a nuclear incident which is currently limited to \$7.279 billion per incident. Coverage of the first \$200 million is provided by private insurance with the balance provided by retrospective premium assessments against each licensed nuclear unit in the United States. As a joint owner of the Clinton nuclear facility, the Cooperative is a party to the insurance policies which are maintained by Illinois Power Company (86.79% owner and operator of Clinton) and is charged for its proportionate share of such insurance costs. In the event of an incident at any nuclear plant in the United States in excess of \$200 million, the Cooperative could be assessed a maximum of \$8,322,300 per incident, with a maximum assessment of \$1,321,000 per year.

The Cooperative is a defendant in various claims and lawsuits arising in the ordinary course of business. Based on discussions with legal counsel, management believes that the final settlement of these actions will not have a material adverse effect on the Cooperative's financial position or results of operations.

(In \$1,000)	ADAMS	CLAY	CLINTON	COLES- MOULTRIE	CORN
Operating Revenue	\$ 8.932	8 3.955	\$ 7.911	\$ 10.974	\$ 17,348
Purchased Power	\$ 6.035	\$ 2.598	\$ 6,069	\$ 8,048	\$ 11.886
	1.663	752	1.174	1.902	2.716
Operating Expenses	461	246	303	412	1.024
Depreciation Expenses	132	62	81	157	351
Tax Expense	535	203	332	359	1.340
Total Cost-Electric Service	\$ 8.826	\$ 3.861	\$ 7.959	\$ 10.878	\$ 17,317
Operating Margins	\$ 106	\$ 94	\$ (48)	\$ 96	\$ 31
Non-Operating Margins & Capital Credits	295	82	231	328	230
Fotal Patronage Capital or Margins	8 401	\$ 176	\$ 183	\$ 424	\$ 261
SSETS & OTHER DEBITS					
Total Utility Plant	\$18.225	\$ 9.915	\$10,613	\$ 16.145	\$ 39,149
Accumulated Provision for					
Depreciation & Amortization	5.134	3.240	3,362	5.152	9,486
Net Utility Plant	\$13.091	\$ 6.675	\$ 7.251	\$ 10,993	\$ 29.663
Total Other Property &					
Investments	\$ 3,222	\$ 473	\$ 1,790	\$ 1.182	\$ 1.676
Current & Accrued Assets	1.423	710	1.893	4,560	3,885
Deferred Debits	24	66	160	1	173
Total Assets	\$17,760	\$ 7.924	\$11.094	\$ 16,736	\$ 35.397
LIABILITIES & OTHER CREDITS					
Margins & Equities	\$ 5,262	\$ 3,426	\$ 4.082	\$ 9,305	\$ 11.671
Long-Term Debt	9,640	3,908	5,583	6,569	21,075
Current & Accrued Liabilities	991	469	181	409	2.289
Deferred Credits	1,867	121	1.248	453	362
Total Liabilities	\$17,760	\$ 7.924	\$11,094	\$ 18.736	\$ 35.397
OTHER STATISTICS					
Miles of Line	2.068	917	962	1.772	2,846
Consumers Served	6.861	2.948	4.644	7,638	12,530
Consumers Per Mile	3.32	3.21	4.83	4.31	4.40
KWH Sold Per Consumer	11.316	12.610	19,449	14.704	13,660
Total MWH Sales	77.641	37,175	90,319		171.166
Annual Revenue Per Consumer	1,302	1.342	1,703		1.385

	EASTERN ILLINI	EDGAR	FA	RMERS	ILLINOIS RURAL	ILLINOIS VALLEY	McDONOUGH	M.J.M.
	\$18.006	\$ 6,003	8	1.672	\$10.720	\$ 7,133	\$ 6,178	\$ 8.929
	\$11.631	\$ 4.037	8	1.152	\$ 7,115	8 4.387	\$ 4.647	\$ 6.603
	3.746	1.277		261	2.110	1.609	913	1,363
	1.153	236		92	516	78	230	415
	156	110		27	131	126	89	133
	1,315	199		102	646	1.205	122	431
	\$18,001	\$ 5.859	8	1.634	\$10,518	\$ 7.405	\$ 6.001	\$ 8.945
	8 5	8 144	8	38	\$ 202	8( 272)	\$ 177	8 (16)
	750	152		46	154	89	181	240
	\$ 755	\$ 296	8	84	\$ 356	\$( 183)	\$ 358	\$ 224
	842,063	\$10,474	8	3,489	\$22,751	\$32.983	\$ 8.407	\$15.802
	11.538	3,555		1.098	6.822	1.758	3,838	4.301
	\$30,525	\$ 6.919		2.391	\$15,929	\$31.225	\$ 4,569	\$11.501
	# 0.201	\$ 1.971		212	\$ 1,540	\$ 804	8 425	\$ 1.225
	\$ 2,301 7,870	1.241		406	2,408	2.505	2,114	3.072
	74	86		. 5	209	5		415
-	\$40,770	\$10,217		8 3.014	\$20,086	\$34,539	\$ 7.427	\$16.213
	\$14.673	\$ 5.923		1.140	\$ 5,628	\$ 3.725	\$ 5,075	\$ 6,321
	24,190	3,342	4-3	1.777	12,350	30,275	2,216	8.813
	1,868	900		97	953	506	113	590
	39	52		-	1,155	33	23	489
	\$40,770	\$10,217		\$ 3,014	\$20,086	\$34,539	\$ 7.427	\$16.213
	4.510	1.469		338	2.817	1.743	1,366	1.710
	12,568	4.914		1.258	9,660	5,575	4.622	7.411
	2.79	3.35		3.72	- 3.43	3.20	3.38	4.33
	13,549	11,504		11.756	9,975	11,445	13.702	10.887
	170,280	56,533		14,789	96,363	63,807	63,332	80,681
	1.433	1.222		1.329	1,110	1.279	1,337	1,205
	3,347	2.131		2.773	2.355	5.916	1.819	2.132

(In \$1,000)	MENARD	MONROE	RURAL ELECTRIC	SHELBY	SOUTH- WESTERN
Operating Revenue	\$12.107	\$ 6.281	\$ 8.039	\$ 13.226	\$ 21.934
Purchased Power	8 8.153	8 4.426	\$ 5,902	\$ 10,245	\$ 15.067
Operating Expenses	2.486	803	1.274	1.904	3.200
Depreciation Expenses	633	342	344	524	1.115
Tax Expense	144	64	77	658	333
Interest	541	415	454	16	1.526
Total CostElectric Service	\$11,957	\$ 6.050	\$ 8.051	\$ 13,347	\$ 21.241
Operating Margins Non-Operating Margins &	\$ 150	\$ 231	\$ (12)	\$ (121)	\$ 693
Capital Credits	229	83	232	167	146
Total Patronage Capital or Margins	\$ 379	8 314	\$ 220	\$ 46	\$ 839
SSETS & OTHER DEBITS					
Total Utility Plant	\$21,125	\$13.061	\$13,235	\$ 16,997	\$ 46.350
Accumulated Provision for					
Depreciation & Amortization	4,833	3,446	4.078	7.852	12.036
Net Utility Plant	\$16,292	\$ 9.615	\$ 9.157	\$ 9,145	\$ 34,314
Total Other Property &					
Investments	\$ 1,377	\$ 488	\$ 944	\$ 1.881	\$ 1.761
Current & Accrued Assets	4.393	1.105	3,719	367	5.116
Deferred Debits	75	22	26	300	110
Total Assets	\$22,137	\$11.230	\$13,846	\$ 11.693	\$ 41,301
LIABILITIES & OTHER CREDITS					
Margins & Equities	\$ 7.083	\$ 3,193	\$ 3.093	\$ 10,700	\$ 12,835
Long-Term Debt	13.663	7,902	7,567		26,363
Current & Accrued Liabilities	1.307	72	3,057	896	1.962
Deferred Credits	84	63	129	97	
Total Liabilities	\$22.137	\$11.230	\$13,846	\$ 11.693	\$ 41,301
OTHER STATISTICS					
Miles of Line	2.437	1.001	1.279	2,078	3,055
Consumers Served	8,352	4.938	4.785	8,562	
Consumers Per Mile	3.43	4.93	3.74	4.12	
KWH Sold Per Consumer	14.505	12.011	15,504	17,735	
	121.146	59.311	74.185	151.846	
Total MWH Sales	1,450	1,272	1.680	1.545	
Annual Revenue Per Consumer		2.645		1,985	
Plant Investment Per Consumer	2,529	2.040	2,700	1,90;	0.200

	SPOON RIVER	TRI- COUNTY	WAYNE- WHITE	WESTERN		TOTAL	AVERAGE	
	\$ 4,636	\$ 21.190	\$ 19.251	\$ 3.988	8	218.413	\$ 10,401	
	8 2.811	\$ 15.786	8 15.228	\$ 2,473	8	154.299	8 7,348	
	963	2,670	2.708	806		36,300	1.728	
	309	953	923	273		10.582	504	
	202	218	279	61		3.591	171	
	335	1.159	705	383		12.323	587	
	\$ 4.620	\$ 20,786	\$ 19.843	\$ 3,996	\$	217.095	\$ 10,338	
	\$ 16	8 404	\$ (592)	\$ (8)	8	1,318	8 E3	
	163	178	152	78		4.206	200	
	\$ 179	\$ 582	\$ (440)	\$ 70	8	5.524	\$ 263	
	\$11,560	\$ 33.905	\$ 32,506	\$ 9.682	8	428.437	\$ 20,402	
	3.187	8,439	10.845	2,105		116,105	5,529	
	\$ 8,373	\$ 25,466	\$ 21.661	\$ 7.577	8	312.332	\$ 14,873	
	\$ 2.264	\$ 1.776	\$ 1.428	\$ 706	8	29.446	\$ 1.402	
	1,054	735	2.973	1.431	-	53,280	2.537	
	- 1,004	34	59	17		1.889	90	
	\$11.691	\$ 28.011	\$ 26,121	\$ 9.731	8	396,938	\$ 18,902	
	\$ 3.998	\$ 8,138	\$ 12.894	R 2 507	4	140.762	\$ 6.703	
4		18.989	12.242	6.740		228,925	10,902	
	5,721 525	884	657	389		19.115	910	
	1.447	004	328	5		8,136	387	
	1,447		0.50			0,100		
	\$11,691	\$ 28.011	\$ 26.121	\$ 9,731	1	\$ 396,938	\$ 18,902	
	1,170	2.661	3,225	1,168		40.592	1.933	
	4.039	12.930	13.257	3.237		154,926	7,377	
	3.45	4.86	4.11	2.77		100	3.82	
	8.831	17.412	16.414	10.062		in the same of the	13.920	
	35.669	225.142	217,603	32,570		2,156,566	102.694	
	1.148	1.639	1,452	1.232		2007	1.410	
	2.862	2,622	2.452	2,991			2.765	



Soyland Power Cooperative, Inc. 788 North Sunnyside Road • Decatur, Illinois 62522 (217) 423-0021