Nebraska Public Power District

GENERAL OFFICE
P.O. BOX 499, COLUMBUS, NEBRASKA 68602-0499
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NSD920802
July 29, 1992

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

Subject: Licensee Guarantees of Payment of Deferred Premiums
Cooper Nuclear Station
NRC Docket No. 20-298. DPR-46

Gentlemen:

In accordance with the requirements of 10 CFR Part 140.21, relative to deferred insurance premiums, the Nebraska Public Power District submits the following information which, we believe, demonstrates our ability to obtain funds in the amount of $10 million for payment of such premiums within the specified three month period.

The Nebraska Public Power District has renewed a Credit Agreement, which is included as an enclosure, with the American National Bank and Trust Company of Chicago which indicates that said bank will lend the District funds, not to exceed $5 million as specifically required to pay public liability claims arising from nuclear incidents. This Credit Agreement is valid through July 31, 1993, at which time the District will submit the appropriate documentation to verify the guarantee requirements for the following year.

Iowa Power under the terms of a power purchase contract, has acknowledged its responsibility to assume 50 percent of the retrospective premium requirements in an amount not to exceed $5 million in one year. Iowa Power has chosen to utilize the type of guarantee defined in 10 CFR 140.21(e). Therefore, as enclosures to this letter, we are submitting the following documents in support of 50 percent of the required $10 million premium.

1. Iowa Power Inc. — 1991 Annual Report to the Securities and Exchange Commission - Form 10-K
2. Five Year Financial Forecast dated May, 1991 for Midwest Resources, the holding company of Iowa Power.

We believe that the enclosed information is sufficient to demonstrate our ability to generate the necessary funds required by the deferred premium; however, should you require additional information, please do not hesitate to contact me.

Sincerely,

Guy Horn

G. R. Horn
Nuclear Power
Group Manager

M004
/1

/dls
Enclosure

cc: U.S. Nuclear Regulatory Commission w/o encl.
Regional Office - Region IV
Arlington, TX

NRC Senior Resident Inspector
Cooper Nuclear Station w/o encl.

Ira Dinitz
Insurance Indemnity Analyst
Office of State Programs
U.S. Nuclear Regulatory Commission
Washington, DC 20555

RESOLUTION

OF

NEBRASKA PUBLIC POWER DISTRICT

No. 92-137

Adopted: July 10, 1992

Resolution Authorizing $5,000,000 Bank Credit of 1992

BE IT RESOLVED by the Board of Directors of Nebraska Public Power District as follows:

SECTION 1. Pursuant to the Public Power and Irrigation District Law, Article 6 of Chapter 70 of the Revised Statutes of Nebraska, as amended and supplemented (herein called the "Act"), Nebraska Public Power District (herein called the "District") shall be authorized to enter into a credit agreement (herein called the "Credit Agreement") for one or more loans in an aggregate principal amount up to, but not exceeding, $5,000,000 from American National Bank and Trust Company of Chicago (herein called the "Bank") in substantially the form submitted at this meeting, to which shall be annexed, as Annex A, a copy of this resolution adopted by the District. Each loan shall be made in the principal amount of not less than $250,000 on any date on or before July 31, 1993; provided that the District shall give the Bank two (2) days prior notice of the date and amount of each borrowing and shall be evidenced by an Electric System Note, Series NRC of 1992 (herein called a "Note;" all Notes made under the Credit Agreement are herein collectively called the "Notes") of the District in the aggregate principal amount of each loan, which Note shall be issued and delivered by the District to the Bank in the principal amount and on the date of the loan evidenced thereby. Each Note shall be payable to the order of the Bank from the sources set out in Section 10 of the Credit Agreement, shall be dated the date of its delivery, shall be payable one year from its date of issue (subject to optional prepayment as a whole or in part, at any time or from time to time, without penalty or premium, as provided in the Credit Agreement) and shall bear interest (payable on the first day of each January, April, July and October and upon maturity) on the unpaid principal amount thereof from its date fluctuating at the rate per annum equal to 87% of the rate of interest announced or published publicly from time to time by the Bank as its base rate or equivalent rate of interest. Interest is to be computed on the basis of a 365/366-day year. Each Note shall be in substantially the form set forth in Annex B to the Credit Agreement.

SECTION 2. The proceeds of the Note shall be applied by the District to the purpose and in the manner provided in Section 9 of the Credit Agreement.

SECTION 3. The President, any Vice President, the Treasurer and the Assistant Treasurer of the District are each hereby authorized to execute the Credit Agreement and the Secretary, or any Assistant Secretary, are each hereby authorized to affix the seal of the District on the Credit Agreement.

SECTION 4. The Chairman, Vice Chairman, President, Treasurer or Assistant Treasurer of the District are each hereby authorized to execute the Notes by manual signature and the Secretary or any Assistant Secretary are each hereby authorized to cause the seal of the District to be affixed, imprinted, engraved or otherwise reproduced on the Notes and to attest the same. Any of the foregoing officers are hereby authorized to deliver the executed Notes in accordance with the provisions of the Credit Agreement.

SECTION 5. The Chairman, Vice Chairman, President, Treasurer or Assistant Treasurer of the District and the Secretary or any Assintant Secretary are, and each of them hereby is authorized to do and perform all things and to execute all papers in the name of the District or otherwise, as they deem advisable, and to make all payments, necessary or convenient in their respective opinion, to the end that the District may carry out the objects of this resolution and its obligations under the terms of the Credit Agreement and of the Notes.

CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of August 1, 1992, between NEBRASKA PUBLIC POWER DISTRICT (herein called the "District") and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO (herein called the "Bank").

The District desires to provide for future borrowings, and the Bank is willing to commit to lend to the District, upon the terms and conditions herein set forth, the aggregate sum of up to $5,000,000, in such installments and at such times as hereinafter provided, to be evidenced by notes of the District therefor.

In consideration of the foregoing and the covenants and conditions herein contained, the parties thereto agree as follows:

1. Definitions. The following terms shall, for all purposes of this Credit Agreement, have the following meanings:

"Act" shall mean the Public Power and Irrigation District Law, constituting Article 6 of Chapter 70 of the Revised Statutes of Nebraska, as amended and supplemented.

"Electric Resolution" shall mean the resolution entitled "Electric System Revenue Bond Resolution" adopted by the Board of Directors of the District on August 22, 1968, as supplemented or amended in accordance with the terms thereof.

"Electric System Bonds" shall mean Electric System Revenue Bonds of the District authorized to be issued under the Electric Resolution.

"Electric System General Reserve Fund" shall mean the Electric System General Reserve Fund established in Section 502 of the Electric Resolution.

"Loans" shall mean the loans provided for in this Credit Agreement.

"Note or Notes" shall mean any note or notes, as the case may be, issued pursuant to this Credit Agreement by the District to evidence any Loan.

"Note Resolution" shall mean the resolution of the District entitled "Resolution Authorizing $5,000,000 Bank Credit of 1992," adopted July 10, 1992 authorizing the issuance of the Notes and authorizing the execution and delivery of this Credit Agreement, a true and correct copy of which resolution is annexed hereto as Annex A.

2. Commitment to Lend. The Bank hereby agrees, upon the terms and conditions herein set forth, to make one or more Loans to the District, in accordance with the provisions of this Credit Agreement, on or before July 31, 1993 in an aggregate principal up to, but not exceeding $5,000,000, each Loan to be in the principal amount of not less than $250,000.

3. Borrowings. The District shall give the Bank at least two (2) days prior notice of the date and amount of each borrowing hereunder. Each borrowing pursuant thereto shall take place at the principal office of the Bank at LaSalle and Washington Streets, Chicago, Illinois. Not later than 11:00 a.m. on the date of each borrowing, the Bank shall, subject to the terms of this Credit Agreement, make available to the District, Federal Reserve or other immediately available funds in the principal amount being borrowed, upon delivery to the Bank of a Note in such principal amount.

4. The Notes. Each Note shall be designated as "Electric System Note, Series NRC of 1992," shall be payable to the order of American National Bank and Trust Company of Chicago, shall be dated the date of its delivery, shall be payable one year from its date of issue (subject to optional prepayment as provided in Section 8 hereof), and shall bear interest (payable on the first day of each January, April, July and October) on the unpaid principal amount thereof from its date fluctuating at the rate per annum equal to 87% of the rate of interest announced or published publicly from time to time by the Bank as its base rate or equivalent rate of interest. Such interest rate shall be computed on the basis of a 365/366-day year.

The Notes shall be executed on behalf of the District by the manual signature of its Chairman, Vice Chairman, President, Treasurer or Assistant Treasurer and its corporate seal shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual signature of its Secretary or any Assistant Secretary and shall be otherwise in substantially the form annexed hereto as Annex B.

5. Commitment Fee. The District shall pay to the Bank as a commitment fee contemporaneously with the execution of this Credit Agreement the sum of $5,000.

6. Tax Indemnification.

(i) The parties intend that the Bank shall receive in respect of the Notes amounts equal to the principal thereof and interest thereon as provided hereunder, when due, without deductions, penalties, charges, or withholdings as a result of the imposition of any federal income or similar federal tax imposed on the Bank as a holder of any of the notes (collectively "Taxes").

Any such Taxes shall be paid by the District. The District will pay the Bank the amounts necessary such that the net amount of the principal and interest received and retained by the Bank is not less than the amount payable under this Agreement had such Taxes not been imposed.

If, notwithstanding the previous two sentences, the Bank pays any such Taxes, the Bank will furnish to the District official tax receipts or evidence of payment of all such Taxes and the District will promptly reimburse the Bank therefor.

(ii) If the Internal Revenue Code of 1986, as amended (the "Code"), or any other federal income tax law, rule, regulation, or governmental interpretation thereof hereafter enacted, adopted or issued, other than any such change mentioned in (iii) below, when affecting the Bank as a holder of the Notes or compliance by the Bank as a holder of the Notes with such,

(a) subjects the Bank to any tax, duty, charge, or withholding due on the principal of or interest on the Notes or changes the basis of taxation of payments to the Bank in respect of the principal of or interest on the Notes, including, without limitation, the effect of any limitation on the deductibility of interest on the funds obtained to purchase or carry the Notes; or

(b) imposes any other condition or circumstance the result of which is to increase the cost to the Bank of purchasing, funding or carrying the Notes, or reduces any amount receivable by the Bank in connection with the principal of or interest on the Notes or requires the Bank to make any payment calculated by reference to the amount of the Notes or interest received by it in an amount deemed material by the Bank;

then, within thirty days of demand by the Bank, the District shall pay the Bank an amount which will be equal, on an after-tax basis to the Bank (taking into account any taxes payable by the Bank on such amount), to (a) that portion of such increased cost incurred or (b) the amount or reduction in an amount received which the Bank determines is attributable to purchasing, funding or carrying the Notes to the extent of the principal amount thereof outstanding from time to time. The effect of any such increased cost which is imposed on the Bank generally may be allocated to the Notes on any reasonable basis in the discretion of the Bank.

(iii) If at any time or times while the Bank is the Holder of the Notes there is a change in the maximum marginal tax rate (the "Tax Rate") at which the Bank could be taxed for federal income tax purposes, the interest rate on the Notes shall be decreased (in the case of a decrease in the Tax Rate) to an interest rate equal to the product of (1) the interest rate on the Notes in effect immediately prior to a change in the Tax Rate times (2) a fraction (expressed in decimals) the numerator of which is the number one (1) minus the applicable Tax Rate after such change and the denominator of which is the number one (1) minus the Tax Rate which had been in effect prior to such change in the Tax Rate.

(iv) Notwithstanding any of the other provisions of this Agreement, if the District has paid the additional amount specified in (ii) and (iii) above, the District shall not be obligated to pay or reimburse the Bank for any tax on the income of the Bank to the extent that such income tax is attributable to the inclusion in the gross income of the Bank for federal tax purposes of interest on the Notes as if such interest had been timely reported and timely paid.

7. <u>Conditions Precedent to Loans</u>. The Bank shall not be obligated to make any loan unless at the date specified for the making thereof the District delivers to the Bank:

(a) The opinion of the General Counsel to the District, dated as of such date, to the effect that:

(i) There is no litigation pending in any court, either State or Federal, questioning the creation, organization or existence of the District or the validity of this Credit Agreement or the Note being issued to evidence such Loan; and

(ii) The District has the power to borrow the amount being loaned; to execute and deliver this Credit Agreement; to evidence the Loans by its Notes to be made and delivered in accordance herewith, and to perform and observe all of the terms and conditions of this Credit Agreement on its part to be performed and observed; and

(b) A certificate of the Chairman, President, Treasurer or Assistant Treasurer of the District, dated as of such date, to the effect that the representations and warranties of the District contained in Section 14 of this Credit Agreement are true and correct as of such date; and

(c) A certificate of the Chairman or President or Treasurer or Assistant Treasurer of the District, dated as of such date, setting forth the aggregate amount of bonds and notes of the District that will be outstanding immediately after the issuance of the note then being issued and stating that no default has occurred in the payment of principal of or interest on any indebtedness for borrowed money of the District which remains uncured; and

(d) The opinion of Mudge Rose Guthrie Alexander & Ferdon, Bond Counsel to the District, dated as of such date, substantially in the form annexed thereto as Annex C;

(e) A certificate as to Arbitrage, dated as of such date, in accordance with the provisions of the Code; and

(f) Such additional certificates, instruments and other documents as the Bank or its counsel may deem necessary to effect good delivery of the Note being delivered on such date or evidence the due performance by the District of the conditions precedent hereunder.

8. Optional Prepayment. The District may prepay any Note as a whole or in part, at any time or from time to time, without penalty or premium, by paying to the Bank all or part of the principal amount of the Note to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. Each prepayment of a Note shall be made on such date and in such principal amount as shall be specified by the District in a written notice delivered to the Bank not less than 10 days prior thereto. Notice having been given as aforesaid, the principal amount of the Note stated in such notice or the whole thereof, as the case may be, shall become due and payable on the prepayment date stated in such notice, together with interest accrued and unpaid to the prepayment date on the principal amount then being paid; and the amount of principal and interest then due and payable shall be paid (i) in case the entire unpaid balance of the principal of any Note is to be paid, upon presentation and surrender of such Note to the District or its representative at the principal office of the Bank, and (ii) in case only part of the unpaid balance of principal of any Note is to be paid, upon presentation of such Note at the principal office of the Bank for notation thereon by the Bank of the amount of principal and interest on such Note then paid. If on the prepayment date moneys for the payment of the principal amount to be prepaid on such Note together with interest to the prepayment date on such principal amount, shall have been paid to the Bank as above provided and if notice of prepayment shall have been given to the Bank as above provided, then from and after the prepayment date interest on such principal amount of such Note shall cease to accrue. If said moneys shall not have been so paid on the prepayment date, such principal amount of such Note shall continue to bear interest until payment thereof at the rate provided for in Section 4 of this Credit Agreement.

9. Application of Note Proceeds. The proceeds of the Notes shall be used to pay amounts required to be paid by the District as a result of one or more nuclear incidents, as provided in the Price-Anderson Act, as amended (Pub. L. 94-197, as

amended and as compiled in 42 U.S.C. Section 2210 and pertinent subsections of 42 U.S.C. Section 2014, as amended) and certain regulations of the Nuclear Regulatory Commission (10 C.F.R. Part 140, as amended in particular by 42 Fed. Reg. 46-54 (January 3, 1977)) or any act or regulation supplemental thereto or amendatory thereof.

10. Payment. The obligation to pay the principal of and interest on the Notes and the other amounts payable hereunder is a special obligation of the District payable solely from such amounts in the Electric System General Reserve Fund as may be available therefor under the District's bond resolutions then outstanding; provided, however, that such obligation to pay the principal of and interest on the Notes and the other amounts payable hereunder from amounts in the Electric System General Reserve Fund shall be subject and subordinated in all respects to the pledge of the Revenues (as defined in the Electric Resolution), moneys, securities and funds created by the Electric Resolution and, provided, further, that the obligation to pay the principal of and interest on the Notes and the other amounts payable hereunder from amounts in the Electric System General Reserve Fund shall be subject and subordinated to any payments which shall at any time be required to be made from Electric System General Reserve Fund pursuant to Section 713 of the District's Power Supply System Revenue Bond Resolution, adopted by the Board of Directors of the District on September 29, 1972, as supplemented and amended in accordance with the terms thereof. The District shall duly and punctually pay or cause to be paid from the Electric System General Reserve Fund, in Federal Reserve or other immediately available funds, the principal of the Notes, the interest thereon and the other amounts payable hereunder at the dates and place and in the manner provided herein and in the Notes according to the true intent and meaning thereof. If the principal of the Notes becomes due and payable on a Saturday or Sunday or a day which is a Bank holiday, such payment shall be made on the next succeeding Bank business day and the extension of time for payment shall be included in computing interest in connection with such payment.

11. All of the Bank's rights and remedies under this Credit Agreement are cumulative and non-exclusive. The acceptance by the Bank of any partial payment made hereunder after the time when any of District's Loans become due and payable will not establish a custom, or waive any rights of the Bank to enforce prompt payment thereof. The Bank's failure to require strict performance by the District of any provision of this Credit Agreement shall not waive, affect or diminish any right of the Bank thereafter to demand strict compliance and performance therewith. Any waiver of an event of default hereunder shall not suspend, waive or affect any other event of default hereunder.

12. Rate Covenant. The District covenants and agrees with the Bank that so long as any credit shall be available hereunder or any Note or interest thereon is unpaid it shall comply for the benefit of the Bank with requirements of Section 712 of the Electric Resolution.

13. Negative Covenants of the District. The District, if and so long as credit shall be available hereunder or any Note or interest thereon is unpaid, will not alter, amend or repeal the Note Resolution, or take any action impairing the authority thereby or hereby given with respect to the issuance and payment of the Notes.

14. Tax Covenant. In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Notes, the District shall comply with the provisions of the Code applicable to the Notes, including without limitation the provisions of the Code which prescribe yield and other limits within which the proceeds of the Notes and other amounts are to be invested and require that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. In furtherance of the foregoing, the District shall comply with the Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of 103(a) of the Code, to be delivered by Mudge Rose Guthrie Alexander and Ferdon, Bond Counsel to the District, at the time the Notes are issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

The District shall not take any action or fail to take any action, which would cause the Notes to be "Arbitrage Bonds" within the meaning of Section 148(a) of the Code.

15. Representations and Warranties. The District represents and warrants that:

(a) The District has the power to borrow the amount provided for in this Credit Agreement; to execute and deliver this Credit Agreement; to evidence the Loans by its Notes to be made and delivered in accordance with the provisions hereof and to perform and observe all of the terms and conditions of this Credit Agreement on its part to be performed and observed;

(b) The making and performance by the District of this Credit Agreement will not violate any provision of the Act, or any bond or note resolution of the District, or any regulation, order or decree of any court, and will not result in a breach of any of the terms of the petition for creation, as amended, of the District or any agreement or instrument to which the District is a party or by which the District is bound; and

(c) The District, by adoption of the Note Resolution has duly authorized the borrowing of the amount provided for in this Credit Agreement, the execution and delivery of this Credit Agreement, and the making and delivery of the Notes to the Bank as herein provided; and to that end the District warrants that it will take all action and will do all things which it is authorized by law to take and to do in order to fulfill all covenants on its part to be performed and to provide for and to assure payment of the Loans as herein provided.

16. Acceleration of Due Date Upon Default. If one or more of the following events of default shall occur and be continuing:

(a) Default shall occur and be continuing in the payment when due of any principal or interest on any Note;

(b) Any representation or warranty made herein or pursuant hereto shall prove to be untrue in any material respect;

(c) Default shall occur in the performance of any of the other covenants or agreements of the District contained herein, and the act or omission creating such default shall continue for a period of 30 days after written notice thereof shall have been given to the District; or

(d) Default shall be made in the payment of the principal of or interest on any Electric System Bonds when due, and as a result of such default, the maturity of such Bonds is accelerated;

then, and in any such event, the Bank shall have the right to declare the principal of and all interest then accrued on all Notes to be due and payable immediately, and upon such declaration the Notes and the interest accrued thereon shall become due and payable, anything in this Credit Agreement or in the Notes contained to the contrary notwithstanding.

17. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Bank the principal of and interest on the Notes at the times and in the manner stipulated herein, then the covenants, agreements and other obligations of the District hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. If moneys sufficient to pay the principal amount of the Notes and interest thereon until maturity or a date fixed for repayment shall have been paid to the Bank for application to such purpose, the Notes and the interest thereon shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Amounts so set aside and held may be invested in obli-

gations of, or guaranteed by, the United States of America, provided, however, that said obligations shall mature not later than the maturity date of the Notes. All earnings from such investments shall be paid over to the District, as received, free and clear of any trust, lien or pledge.

18. Notices. All notices under this Credit Agreement shall be in writing and written notices shall be deemed to have been duly given if delivered or mailed by registered mail, in the case of the District, at Box 499, Columbus, Nebraska 68601, Attention: President, and in the case of the Bank, at its principal office at LaSalle and Washington Streets, Chicago, Illinois 60690, Attention: Steven H. Abbey.

19. Counterparts. This Credit Agreement may be executed in any number of counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the District and the Bank have caused this Credit Agreement to be duly signed on their respective behalf by their officers thereunto duly authorized, all as of the date and year first above written.

NEBRASKA PUBLIC POWER DISTRICT

[SEAL]

By Ronald D. Asche
Treasurer

Attest:

Florence M. Kaem
Dep. Assistant Secretary

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

[SEAL]

"OFFICIAL SEAL"
Mark G. Angel
Notary Public, State of Illinois
My Commission Expires 6-6-94

By [signature]
Vice President

Attest:

[signature]

ANNEX A

Resolution Authorizing $5,000,000 Bank Credit of 1992

Be it Resolved, by the Board of Directors of Nebraska Public Power District, as follows:

Section 1. Pursuant to the Public Power and Irrigation District Law, Article 6 of Chapter 70 of the Revised Statutes of Nebraska, as amended and supplemented (herein called the "Act"), Nebraska Public Power District (herein called the "District") shall be authorized to enter into a credit agreement (herein called the "Credit Agreement") for one or more loans in an aggregate principal amount up to, but not exceeding, $5,000,000 from American National Bank and Trust Company of Chicago (herein called the "Bank") in substantially the form submitted at this meeting, to which shall be annexed, as Annex A, a copy of this resolution adopted by the District. Each loan shall be made in the principal amount of not less than $250,000 on any date on or before July 31, 1993; provided that the District shall give the Bank two (2) days prior notice of the date and amount of each borrowing and shall be evidenced by an Electric System Note, Series NRC of 1992 (herein called a "Note"; all Notes made under the Credit Agreement are herein collectively called the "Notes") of the District in the aggregate principal amount of each loan, which Note shall be issued and delivered by the District to the Bank in the principal amount and on the date of the loan evidenced thereby. Each Note shall be payable to the order of the Bank from the sources set out in Section 10 of the Credit Agreement, shall be dated the date of its delivery, shall be payable one year from its date of issue (subject to optional prepayment as a whole or in part, at any time or from time to time, without penalty or premium, as provided in the Credit Agreement) and shall bear interest (payable on the first day of each January, April, July and October and upon maturity) on the unpaid principal amount thereof from its date fluctuating at the rate per annum equal to 87% of the rate of interest announced or published publicly from time to time by the Bank as its base rate or equivalent rate of interest. Interest is to be computed on the basis of a 365/366-day year. Each Note shall be in substantially the form set forth in Annex B to the Credit Agreement.

Section 2. The proceeds of the Notes shall be applied by the District to the purpose and in the manner provided in Section 9 of the Credit Agreement.

Section 3. The President, any Vice President, the Treasurer, and the Assistant Treasurer of the District are each hereby authorized to execute the Credit Agreement and the Secretary, or any Assistant Secretary, are each hereby authorized to affix the seal of the District on the Credit Agreement.

Section 4. The Chairman, Vice Chairman, President, Treasurer or Assistant Treasurer of the District are each hereby authorized to execute the Notes by manual signature and the Secretary or any Assistant Secretary are each hereby authorized to cause the seal of the District to be affixed, imprinted, engraved or otherwise reproduced on the Notes and to attest the same. Any of the foregoing officers are hereby authorized to deliver the executed Notes in accordance with the provisions of the Credit Agreement.

Section 5. The Chairman, Vice Chairman, President, Treasurer or Assistant Treasurer of the District and the Secretary or any Assistant Secretary are, and each of them hereby is authorized to do and perform all things and to execute all papers in the name of the District or otherwise, as they deem advisable, and to make all payments, necessary or convenient in their respective opinions, to the end that the District may carry out the objects of this resolution and its obligations under the terms of the Credit Agreement and of the Notes.

ANNEX B

(FORM OF NOTE)

NEBRASKA PUBLIC POWER DISTRICT

ELECTRIC SYSTEM NOTE, SERIES NRC OF 199_

No. $

FOR VALUE RECEIVED, the undersigned, NEBRASKA PUBLIC POWER DISTRICT (the "District"), a public corporation and political subdivision organized and existing under and by virtue of the laws of the State of Nebraska, hereby promises to pay to the order of American National Bank and Trust Company of Chicago (the "Bank") on ________________, 19__ upon presentation and surrender of this Note at the principal office of the Bank, the principal sum of ________________________ Dollars ($____________), in lawful money of the United States of America, and to pay interest (payable on ________________, 19__ and quarterly thereafter on the first day of each January, April, July and October and upon maturity) on said principal sum at said office in like money from the date hereof fluctuating at the rate per annum equal to 87% of the rate of interest announced or published publicly from time to time by the Bank as its base rate or equivalent rate of interest. Such interest shall be computed on the basis of a 365/366-day year.

This Note is a special obligation of the District and is one of a duly authorized issue of notes of the District (the "Notes") issued and to be issued under and pursuant to the Public Power and Irrigation District Law of Nebraska, as amended and supplemented (herein called the "Act"), and under and pursuant to a resolution of the District, adopted July 10, 1992, entitled Resolution Authorizing $5,000,000 Bank Credit of 1992 (the "Note Resolution"), and under and pursuant to a Credit Agreement (the "Credit Agreement"), dated as of August 1, 1992 by and between the District and the Bank.

The obligation to pay the principal of and interest on this Note is a special obligation of the District payable solely from such amounts in the Electric System General Reserve Fund (as defined in the Credit Agreement) as may be available therefor under the District's Bond resolutions then outstanding; _provided, however_, that such obligation to pay the principal of and interest on this Note from the Electric System General Reserve Fund is subject and subordinated in all respects to the pledge of the revenues, moneys, securities and funds created by the Electric Resolution (as defined in the Credit Agreement); and, _provided, further_, that the obligation to pay the principal of and interest on this Note from the Electric System General Reserve Fund is subject and subordinated to any payments which shall at any time be required to be made from the Electric System General Reserve Fund pursuant to Section 713 of the District's Power Supply

System Revenue Bond Resolution, adopted by the Board of Directors of the District on September 29, 1972, as supplemented and amended in accordance with the terms thereof.

This Note is subject to the terms and conditions contained in the Note Resolution and the Credit Agreement, copies of which are on file at the principal office of the District, and reference is made thereto for a complete statement of such terms and conditions.

The District shall have the right to prepay this Note as a whole or in part, at any time or from time to time, without penalty or premium, in accordance with the terms of the Credit Agreement. The prepayment date and the principal amount of the Note to be prepaid shall be specified by the District in a written notice to the Bank not less than 10 days prior to any prepayment. If on the prepayment date moneys for the payment of the principal amount of this Note to be prepaid, together with interest to the prepayment date on such principal amount, shall have been paid to the Bank as above provided, then from and after the prepayment date interest on such principal amount of this Note shall cease to accrue. If said moneys shall not have been so paid on the prepayment date, such principal amount of this Note shall continue to bear interest as provided above until payment thereof.

This Note is not an obligation of the State of Nebraska and the Act provides that the State of Nebraska shall never pledge its credit or funds, or any part thereof, for the payment or settlement of any indebtedness whatsoever of the District.

IN WITNESS WHEREOF, Nebraska Public Power District has caused this Note to be signed in its name and on its behalf by its President or Treasurer or Assistant Treasurer, and its official seal to be hereunto affixed and attested by its Secretary or any Assistant Secretary, as of _______ day of ___________________, 19__.

NEBRASKA PUBLIC POWER DISTRICT

By______________________________
Treasurer

[SEAL]

Attest:

____
Assistant Secretary

ANNEX C

____________, 19__

Nebraska Public Power District
Columbus, Nebraska

American National Bank and
Trust Company of Chicago
Chicago, Illinois

Gentlemen:

We have examined the record of proceedings relating to the issuance of the $______________ Electric System Note, Series NRC of 1992, No. ____________, dated ____________, 19__ (the "Note"), of Nebraska Public Power District (the "District"), a body corporate and politic, constituting a public corporation and political subdivision of the State of Nebraska.

The Note is issued under and pursuant to Chapter 70, Article 6, of the Revised Statutes of the State of Nebraska, as amended (the "Act"), and under and pursuant to a Credit Agreement (the "Credit Agreement"), between the District and American National Bank and Trust Company of Chicago (the "Bank"), dated as of August 1, 1992, authorized by a resolution (the "Note Resolution") of the District adopted on July 10, 1992 and entitled "Resolution Authorizing $5,000,000 Bank Credit of 1992."

The Note is payable to the order of the Bank, matures on __________, 19__ (subject to prepayment in accordance with the terms of the Credit Agreement), and bears interest (payable on ____________, 19__ and quarterly thereafter on the first day of January, April, July and October and upon maturity) from its date fluctuating at the rate per annum equal to 87% of the rate of interest announced or published publicly from time to time by the Bank as its base rate or equivalent rate of interest. Such interest rate shall be computed on the basis of a 365/366-day year.

The obligation to pay the principal of and interest on the Note is a special obligation of the District payable solely from such amounts in the Electric System General Reserve Fund (as defined in the Credit Agreement) as may be available therefor under the District's bond resolutions then outstanding; provided, however, that such obligation to pay the principal of and interest on the Note from the Electric System Reserve Fund is subject and subordinated in all respects to the pledge of the revenues, moneys, securities and funds created by the Electric Resolution (as defined in the Credit Agreement; and provided, further, that the obligation to pay the principal of and interest on the Note from the Electric System General Reserve Fund is subject and subordinated to any payments which shall at any time be required to be made from the Electric System General Reserve Fund pursuant to Section 713 of the District's Power Supply System Revenue Bond Resolution, adopted by the Board of Directors of the District on September 9, 1972, as supplemented and amended in accordance with the terms thereof.

We are of the opinion that:

1. The District is duly created and validity existing under the provisions of the Act, with power to adopt the Note Resolution, to enter into the Credit Agreement, to issue the Note thereunder and to make and perform the covenants contained in the Credit Agreement.

2. The Note Resolution has been duly adopted by the District, is in full force and effect and is valid and binding on the District and enforceable in accordance with its terms, and the Credit Agreement has been duly authorized and executed by the District, is in full force and effect, is valid and binding upon the District and enforceable in accordance with its terms.

3. The Note as been duly authorized and issued by the District in accordance with law and in accordance with the Note Resolution and the Credit Agreement, and is a valid binding and direct obligation of the District enforceable in accordance with its terms and entitled to the benefit of the Act and of the Credit Agreement.

4. The Internal Revenue Code of 1986 as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Note for interest thereon to be and remain excluded from gross income for purposes of federal income taxation. Noncompliance with such requirements may cause interest on the Note to be included in gross income retroactive to the date of issue of the Note. The District has covenanted to comply with such requirements.

In our opinion, under existing law, and assuming compliance with the aforementioned covenant, interest on the Note is excluded from gross income for federal and State of Nebraska income tax purposes. The Note is not a "specified private activity bond" within the meaning of Section 57(a) (5) of the Code and, therefore, the interest of the Note will not be treated as a preference item for purposes of computing the federal alternative minimum tax imposed by Section 55 of the Code. However, we note a portion of the interest on the Note owned by corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

Except as stated in the preceding two paragraphs, we express no opinion as to any federal or state tax consequences of the ownership of, receipt of interest on, or disposition of the Note.

The opinions contained in paragraphs 2 and 3 above are qualified to the extent that the enforceability of the Note Resolution, the Credit Agreement and the Note, respectively, may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights.

We have examined the Note, as executed, and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURIT. EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from ____________________ to ____________________

Commission file number 1-3567

IOWA POWER INC.
(Exact name of registrant as specified in its charter)

IOWA (State or other jurisdiction of incorporation or organization)	42-0334050 (I.R.S. Employer Identification No.)
666 Grand Ave., P.O. Box 657, Des Moines, Iowa (Address of principal executive offices)	50303 (Zip Code)

Registrant's telephone number, including area code 515-281-2900

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ________

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ].

The aggregate market value of voting stock held by non-affiliates of the registrant was $0 as of March 25, 1992, when 7,586,456 shares of common stock, $10 par value, were outstanding.

IOWA POWER INC.

1991 Form 10-K Annual Report

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IOWA POWER INC.

PART I

Item 1-Business

(a) General Development of Business

Iowa Power Inc. (IPR or Company), an Iowa corporation, is a wholly-owned utility subsidiary of Midwest Resources Inc. (Midwest Resources or MWR).

IPR was previously the utility subsidiary of Iowa Resources Inc. (IOR), a holding company. On November 7, 1990 IOR and Midwest Energy Company (MWE) merged into MWR, a newly created holding company. The utility operations of MWR are carried out through IPR and Iowa Public Service Company (IPS).

(b) Narrative Description of Business

GENERAL

IPR is engaged in the generation, purchase, transmission, distribution and sale of electric energy, serving 254,000 customers in 125 communities in central and southwest Iowa. CBEC Railway Inc., an Iowa Corporation, formed in 1990, is a wholly-owned subsidiary of IPR that was organized to own and operate rail facilities for the transportation of coal. CBEC Railway Inc. has not commenced operations. Properties held by Redlands Incorporated, previously a wholly-owned subsidiary of IPR, were sold during 1991 and the company was dissolved.

IPR is a regulated public utility holding franchises to operate in various municipalities and having territorial protection in other areas granted by the state regulatory commission.

On June 6, 1991 IPR and IPS announced a plan to merge into a single utility company. See Part IV, Item 14, Footnote (6) of Notes to Consolidated Financial Statements and the Prospective Information section of Management's Discussion and Analysis of Financial Condition and Results of Operations for further information.

CAPITAL EXPENDITURES AND FINANCING

IPR consolidated capital expenditures, including Cooper Nuclear Station capital improvements and allowance for funds used during construction and accrued on advances, for the five years ended December 31, 1991, were $332 million, of which $264 million was for IPR's plant additions. IPR's property retirements and sales for the same period amounted to $35 million.

IPR's sources of capital are provided from funds generated internally, contributions from the parent and various external sources such as commercial paper, bank lines of credit and other debt and equity securities.

IPR's Articles of Incorporation and indentures under which first mortgage bonds are issued contain certain earnings and capitalization tests and other conditions which must be satisfied prior to the issuance of additional IPR preferred stock or certain types of debt securities. At December 31, 1991 approximately $143 million of preferred stock, $175 million of first mortgage bonds and $151 million of unsecured short-term debt could have been issued under the most restrictive of such tests and conditions.

IPR currently has authority from the Federal Energy Regulatory Commission (FERC) to issue on or before December 31, 1993, short-term debt in the form of commercial paper and bank notes amounting to $135 million.

ELECTRIC OPERATIONS - GENERATION

Electric generating facilities at December 31, 1991 consisted of the following, all of which are located in Iowa. The net accredited generating capacity, along with participation purchases and sales, net and firm purchases and sales, net are shown for summer 1991 accreditation.

Plant	Unit	Fuel	IPR Accredited Generating Capability (kW)	
Steam Electric Generating Plants:				
Council Bluffs Energy Center	1	Coal	46,000	
Council Bluffs Energy Center	2	Coal	88,000	
Council Bluffs Energy Center	3	Coal	315,200	(1)
Neal Generating Station	3	Coal	118,500	(2)
Ottumwa Generating Station	1	Coal	101,300	(3)
Louisa Generating Station	1	Coal	198,200	(4)
			867,200	
Nuclear:				
Cooper Nuclear Station Capacity Purchase	1	Nuclear	389,000	(5)
Combustion Turbines:				
River Hills Energy Center	1-8	Gas/Oil	127,200	
Sycamore Energy Center	1-2	Gas/Oil	148,000	
Pleasant Hill Energy Center	1-2	Oil	70,000	
			345,200	
Net Accredited Generating Capacity			1,601,400	
Add:				
Participation Purchases and Sales, Net			51,800	
Firm Purchases and Sales, Net			47,000	
Adjusted Net Generating Capability			1,700,200	
Temporarily Deactivated Units:				
Des Moines Energy Center	6-7	Coal	188,000	(6)

(1) IPR's portion (46.7%) of this jointly-owned 675 MW facility.
(2) IPR's portion (23%) of this jointly-owned 515 MW facility.
(3) IPR's portion (15%) of this jointly-owned 675 MW facility.
(4) IPR's portion (30.5%) of this jointly-owned 650 MW facility.
(5) Cooper Nuclear Station is owned by Nebraska Public Power District (NPPD) and the amount shown is IPR's entitlement (50%) of Cooper's accredited 778 MW capacity under a power purchase agreement extending to 2004. (Refer to Footnote (3) of Notes to Consolidated Financial Statements included in Part IV)
(6) Units deactivated in 1985, with planned reactivation in the late 1990's.

The annual hourly peak load occurs during the summer principally as a result of air conditioning. The total summer accredited capacity, hourly system peak and the date of the system peak for each of the last five calendar years are shown below.

Year	Summer Accredited Generating Capacity (kW)	Hourly System Peak Demand (kW)	Date Of System Peak
1987	1,517,000	1,276,000	July 30
1988	1,517,000	1,373,000	August 16
1989	1,531,400	1,358,000	July 10
1990	1,601,400	1,390,000	August 27
1991	1,601,400	1,359,000	July 22

IPR is interconnected with certain Iowa and neighboring utilities and is one of 46 utilities involved in an electric power pooling agreement known as the Mid-Continent Area Power Pool (MAPP). The purpose of MAPP is to coordinate the planning, construction and operation of generation and transmission facilities, including the purchase and sale of power and energy among members. IPR and four other Iowa investor-owned utilities formed ENEREX, a general partnership. ENEREX coordinates the purchase and sale of electric energy among the partners and handles the daily unit commitment function.

Generation by coal, nuclear, oil and natural gas as a percent of the Company's total net generation of electricity during each of the last three calendar years and the average cost to the Company of those fuels are as follows:

Year Ended	% of Generation			All Fuels Average Cost (Mills per kWh)
	Coal	Nuclear	Gas/Oil	
1989	63	36	1	11.1
1990	63	36	1	9.2
1991	65	34	1	9.1

The transmission lines of the Company, operating from 34,500 to 345,000 volts, totaled 1,447 circuit miles.

ELECTRIC OPERATIONS - FUEL SUPPLY

IPR has contracts and commitments providing for the furnishing of coal in quantities which are adequate, in the opinion of management, absent circumstances not now foreseen. All of the Company's wholesale and retail sales of electricity are subject to energy adjustment clauses.

The Company's major coal supply contracts under which deliveries are being received are as follows:

Year in Which Contract Expires	Contracted Annual Tonnage (1)
1994	156,000-235,000 (2)
1999	760,000-921,000
2001	293,000-357,000 (3)
2003	464,000-669,000 (4)

(1) IPR's share only where contract pertains to jointly owned plant.
(2) Option to extend for 2 years.
(3) Tonnage varies per specified annual contract amounts.
(4) Tonnage varies per specified annual contract amounts and includes only a partial annual requirement in the year 2003.

Natural gas and oil are used for peak load electric generation and for standby purposes. These sources are in adequate supply and available to meet the Company's needs.

Approximately 25% of the fuel in the core at Cooper Nuclear Station must be replaced annually.

For additional information concerning electric operations, see "Unaudited Utility Statistics', in Part IV, Item 14, of this filing.

REGULATION

The Iowa Utilities Board (IUB) regulates IPR's electric rates, service territory, accounting and services. In addition, Iowa law requires that a certificate of convenience and necessity be obtained from the IUB prior to construction of a proposed electric generation station with a total capacity of 100 or more megawatts. Need for the station must be established and approval of the proposed site obtained before a certificate can be issued.

Iowa law authorizes the IUB to suspend new rates for up to ten months beyond the date of initial filing. During the interim period of the rate proceedings, statutory authority in Iowa allows for interim rate increases, subject to refund, starting no later than 90 days from the initial filing date.

In Iowa, non-exclusive franchises which cover the use of streets and alleys for public utility facilities in incorporated communities are granted for a maximum of 25 years by city councils, subject to ratification by a majority vote of local qualified residents. The IUB has jurisdiction and grants franchises for the use of public highway right-of-way for electric facilities, and the power of condemnation of right-of-way for transmission purposes, outside of incorporated communities.

IPR's electric operations are conducted under franchises (expiring in various years from 1992 to 2016), permits and licenses obtained from state and local authorities. The franchises for Des Moines and Council Bluffs expire in 2012 and 1994, respectively.

IPR is a public utility within the meaning of the Federal Power Act. Therefore, IPR is subject to regulation by FERC as to numerous activities, including issuance of securities, accounting policies and practices and the establishment and regulation of electric interconnections and transmission services. For the year ended December 31, 1991, approximately 5.3% of the total electric revenues were sales for resale and subject to FERC regulation.

MWR is exempt from the Public Utility Holding Company Act of 1935. MWR's exemption is based upon its filing with the Securities and Exchange Commission (SEC) in November 1990, an Initial Statement by Holding Company Pursuant to Regulation 250.2 of the Public Utility Holding Company Act of 1935. MWR maintains its exemption by filing a Form U-3A-2 with the SEC each year.

For information relating to IPR's current rate matters, reference is made to Footnote (9) of Notes to Consolidated Financial Statements, and to Item 3, "Legal Proceedings".

ENVIRONMENTAL MATTERS

IPR is subject to numerous legislative and regulatory environmental protection requirements involving air and water pollution, waste management, hazardous chemical use, noise abatement, land use and aesthetics. The company has no outstanding notices of violations with respect to existing environmental regulations.

For further information relating to Environmental Matters, reference is made to Footnote (14) of Notes to Consolidated Financial Statements and to Item 3, "Legal Proceedings".

EMPLOYEES

On February 29, 1992 IPR had 1,181 full-time and 36 part-time and temporary employees for a total of 1,217 employees.

Item 2-Properties

Reference is made to Item 1, "Business - Electric Operations" for a description of the facilities utilized by IPR to generate electricity.

It is the opinion of management that the principal depreciable utility properties owned by IPR are in good operating condition and well maintained.

The Indenture of the Mortgage and Deed of Trust of IPR as amended and supplemented constitutes a first mortgage lien on substantially all of IPR's utility properties subject only to expected encumbrances.

Item 3-Legal Proceedings

IPR has no material legal proceedings except for the following:

Rate Matters

In re: Iowa Power Inc., before the Iowa Utilities Board, Docket No. TF-92-14.

Reference is made to Part IV, Item 14, Note (19) of Notes to Consolidated Financial Statements.

Environmental Matters

As a user of polychlorinated biphenyls (PCB's), the Company is subject to governmental regulations pertaining to the use, handling and proper disposal of PCB's. The Company is involved as one of several parties in a cleanup at one site and has been notified by the EPA that it is being considered one of several potentially responsible parties at a second site. IPR is conducting an investigation of a release of PCB's at the Des Moines Power Station. Notifications were made to the U.S. Environmental Protection Agency Region VII, National Response Center and Iowa Department of Natural Resources. Investigation, site assessment and remediation began in January 1992.

Item 4-Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of IPR's security holders during the fourth quarter of 1991.

PART II

Item 5-Market for the Registrant's Common Equity and Related Security Matters

IPR's common stock is held entirely by its parent company, Midwest Resources, and is not publicly traded. The annual total of quarterly common stock dividends paid by IPR in 1991 and 1990 were $40,580,000 and $35,155,000, respectively.

Item 6-Selected Financial Data

For a summary of selected financial data of IPR for each of the last five fiscal years, reference is made to Part IV of this report.

Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to Part IV of this report.

Item 8-Financial Statements and Supplementary Data

For the financial statements of IPR, including (i) Consolidated Statements of Income, (ii) Consolidated Statements of Cash Flows, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Capitalization, (v) Consolidated Statement of Retained Earnings, (vi) Notes to Consolidated Financial Statements and (vii) Report of Independent Public Accountants, reference is made to Part IV of this report.

Item 9-Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10-Directors and Executive Officers of the Registrant

Information concerning the directors and executive officers of IPR is as follows:

(a) Identification

Name	Age	Present Position	Served in Present Position Since	Served as Director Since
Mark W. Putney	63	Director	-	1974
Russell E. Christiansen	56	Chairman, Chief Executive Officer and Director	1990	1990
Richard C. Engle	57	Director	-	1990
Lynn K. Vorbrich	53	President, Chief Operating Officer and Director	1989	1986
James R. Bull	50	Senior Vice President	1990	-
Robert L. Lester	50	Senior Vice President	1990	-
Philip G. Lindner	48	Senior Vice President, Chief Accounting Officer and Director	1990	1990
Paul J. Leighton	38	Secretary	1990	-
J. Sue Rozema	39	Treasurer	1985	-

Each director and executive officer serves an annual term of office. There are no family relationships between the foregoing executive officers and directors of IPR.

(b) Business Experience During the Last Five Years

Mark W. Putney — Chairman and Chief Executive Officer of MWR since 1990. Chairman from 1987 to 1990 and President and Chief Executive Officer from 1984 to 1990 of IOR. Chairman and Chief Executive Officer of IPR from 1984 to 1990.

Russell E. Christiansen — Vice Chairman, President and Chief Operating Officer of MWR since 1990. Chairman and Chief Executive Officer of MWE from 1985 to 1990 and President from 1985 to 1990. Chairman and Chief Executive Officer of IPS since 1986, and Chairman and Chief Executive Officer of IPR since 1990.

Richard C. Engle — President and Chief Operating Officer of IPS since 1990, Senior Vice President and Chief Operating Officer from 1987 to 1990 and Senior Vice President from 1984 to 1987.

Lynn K. Vorbrich	President and Chief Operating Officer of IPR since 1989. Executive Vice President of IPR from 1986 to 1989.
James R. Bull	Senior Vice President of IPR since 1990. Vice President of IPR from 1988 to 1990. Assistant Vice President of IPR, 1983 to 1987.
Robert L. Lester	Senior Vice President of IPR since 1990. Vice President of IPR from 1986 to 1990. Assistant Vice President, 1983 to 1986.
Philip G. Lindner	Senior Vice President of IPR since 1990. Vice President of IPR in 1989. Prior to joining IOR and IPR in 1989, Mr. Lindner served as Vice President and Chief Financial Officer for MacNeal Hospital from 1987 to 1989, and as a partner with Arthur Andersen & Co. from 1981 to 1987.
Paul J. Leighton	Secretary of MWR and IPR since 1990. Secretary of IPS since 1988. Assistant Secretary of IPS and MCG from 1985 to 1988.
J. Sue Rozema	Treasurer of MWR and IPS since 1990. Treasurer of IPR since 1985.

(c) Compliance with Section 16(a) of the Exchange Act

None of the Company's directors or executive officers failed to file on a timely basis reports required to be filed by the Securities Exchange Act during the two most recent fiscal years.

Item 11-Executive Compensation

The following table sets forth all compensation paid by IPR during the year ended December 31, 1991, for services rendered during the year, to each of the five most highly compensated executive officers of IPR whose aggregate cash compensation exceeded $60,000, and to all executive officers as a group.

Name of Individual or Identity of Group	Capacities in Which Compensation was Received	Cash Compensation (1)
R. E. Christiansen	Chairman, Chief Executive Officer and Director	$405,063
L. K. Vorbrich	President, Chief Operating Officer and Director	236,152
J. R. Bull	Senior Vice President	153,466
R. L. Lester	Senior Vice President	135,807
P. G. Lindner	Senior Vice President and Director	161,935
Executive Officers as a Group (7)		$1,269,304

(1) Amounts shown include all cash compensation distributed or accrued during 1991 in the form of salaries and fees for services rendered during the year, whether deferred or paid.

Amounts shown also include the cash portion of incentive compensation awarded in 1991 for performance during 1990 on a 50 percent cash - 50 percent performance share basis pursuant to an Executive Compensation Plan available to certain individuals who are officers of IPR. The plan was designed to provide total compensation, subject to corporate performance, equivalent to the average compensation of executives in similarly sized companies in general industry. Payment of deferred awards based on performance shares, which are equivalent to shares of MWR Common Stock (Common Stock), is made in cash and is contingent upon continued employment for a period of four years from the date the performance shares were awarded or until employment is terminated due to retirement after age 55, death or disability. Deferred amounts awarded in 1991 pursuant to the plan are as follows: R. E. Christiansen - $30,062; L. K. Vorbrich - $16,700; J. R. Bull - $10,803; R. L. Lester - $9,104; P. G. Lindner - $11,272; and all executive officers as a group $82,603.

(2) The aggregate amount of other compensation, not otherwise described, with respect to each named executive officer does not exceed the lesser of $25,000 or 10% of their cash compensation and with respect to all executive officers as a group does not exceed the lesser of $25,000 times the number in the group or 10% of their aggregate cash compensation.

(3) Pursuant to a letter agreement dated as of March 27, 1989, if a merger or acquisition results in a change of control of the Company, Mr. Lindner may, at his option, within a 12-month period after such merger or acquisition, resign from his position with the Company. If Mr. Lindner resigns during such period, or if following such change in control and prior to January 1, 1994, he is terminated for any reason other than for cause, Mr. Lindner would be entitled to twelve months' severance pay at his base salary.

INCENTIVE COMPENSATION PLANS

MWR adopted Annual and Long-Term Incentive Compensation Plans for key employees, including certain executive officers of IPR, effective in 1992. The purpose of the plans is to recognize and reward outstanding performance of the participants in achieving annual and long-term goals designed to benefit shareholders and customers. The plans are administered by the Management Development Committee of the MWR Board of Directors which has the authority and discretion to select participants and establish the criteria for making awards.

Individual awards under the Annual Incentive Compensation Plan are based on the achievement of specific individual and corporate goals and may range from 14% to 52.5% of a participants annual salary. One half of the award is paid in cash and the remainder in performance shares, which are equivalent to shares of Common Stock. Additional performance shares are credited in an amount equal to dividends paid on Common Stock. Deferred awards are paid in cash in amounts equal to the number of performance shares credited to the participant multiplied by the closing price of the Common Stock on the last trading day of the year prior to such payment and is contingent upon continued employment for a period of three years from the date the performance shares were awarded or until employment is terminated due to retirement after age 55, death or disability. Individual awards under the Long-Term Incentive Compensation Plan are based on the achievement of target returns on equity and earnings per share during each three-year performance cycle and may range from 7.5% to 37.5% of a participant's annual base salary. Cash awards are paid at the end of a performance cycle.

The MWR Board of Directors has adopted a Non-cash Bonus Award Plan for certain executive officers of MWR and participating subsidiaries including IPR, as determined by the Board of Directors. The purpose of the plan is to recognize and reward outstanding performance of the participants and to encourage their continued employment with the Company until retirement. Awards are determined by the Board of Directors and are made in units equivalent to one share of Common Stock. Additional units are credited in an amount equal to dividends paid on Common Stock. Participants are to receive a lump sum cash distribution payable in twelve consecutive monthly payments equal to the number of units credited to the participant multiplied by the closing price of the Common Stock on the last trading day preceding payment. Payment will only be made on the earliest of the participant's retirement under the Company's retirement plan, death, disability or involuntary termination without cause. Awards are not subject to transfer, assignment or encumbrance of any kind and will be paid out of general corporate funds. Awards made in 1991 pursuant to the plan are as follows: R. E. Christiansen - 25,000 units; L. K. Vorbrich - 10,000 units; P. G. Lindner - 6,000 units; and all executive officers as a group - 41,000 units.

EXECUTIVE DEFERRED COMPENSATION PLAN

Executive officers, at their option, may defer up to 50% of their annual base salary pursuant to the Midwest Resources Inc. Executive Deferred Compensation Plan (Executive Deferred Compensation Plan). Amounts deferred are converted into units equal in value to the per share book value of Common Stock on December 31 of the preceding year. The value of such units will subsequently vary depending on the book value of the Common Stock. MWR credits additional units in an amount equal to dividends paid on Common Stock, based on the per share book value of the Common Stock on December 31 of the preceding year.

The value, based on the closing market price or the book value of Common Stock as of December 31 of the year prior to distribution, may be paid out in a lump sum or annual installments upon retirement, death or permanent disability. Undistributed units under the annual installment payment method will continue to be credited with dividends and fluctuate in value unless converted into a fixed value based on either the closing market price or book value of the Common Stock. The converted value will be credited with a fixed rate of interest equal to the annual dividend rate at the time of conversion. Payment is made in cash.

EXECUTIVE LIFE INSURANCE

MWR makes available at its expense supplemental life insurance to each of the individuals and the group identified in the foregoing table of cash compensation equal to two times annual base compensation less $50,000. Such persons are deemed to receive additional income equal to the actual premium cost of their respective policies which are as follows: R. E. Christiansen - $12,155; L. K. Vorbrich - $5,978; R. L. Lester - $2,830; P. G. Lindner - $2,744; J. R. Bull - $3,231 and all executive officers as a group - $28,241.

EMPLOYEE STOCK PURCHASE PLAN

The shareholders of MWR have approved an Employee Stock Purchase Plan by which employees of IPR and other MWR subsidiaries have the opportunity to acquire MWR Common Stock. A maximum of 1,200,000 authorized shares may be offered through the plan. The plan permits each employee of IPR who has completed at least one year of service to purchase, through payroll deduction, shares of Common Stock at 85% of market price on the last business day of each month. Participants are entitled to designate a payroll deduction up to the lesser of ten percent of regular annual base pay or $21,250 annually for purchases under the plan.

401(k) PLANS

Iowa Power Inc. has a Salary Deferral Plan whereby the participants of the plan may elect to reduce their salary by an amount from 1% to 15% of their base salary and to have their employer contribute such amount to the plan ("401(k) contribution"). A participant's 401(k) contribution up to 6% of the participants base salary (up to a present maximum of $8,728) will be matched by an employer contribution equal to one-third of such amount. Prior to 1992, the IPR matching contribution was made in Common Stock with a maximum contribution of $1,000. Each participant has a nonforfeitable right to amounts contributed to the plan as 401(k) contributions. Benefits are not subject to transfer, assignment or encumbrance of any kind.

Any 401(k) contribution amounts contributed in 1991 by executive officers are included in the foregoing table of cash compensation. Matching 401(k) contributions made in 1991 are as follows: R. E. Christiansen - $2,825; L. K. Vorbrich - $1,000; R. L. Lester - $1,000; P. G. Lindner - $1,000; J. R. Bull - $1,000; and all executive officers as a group $7,000.

RETIREMENT PLANS

The Iowa Power Inc. Salaried Employees' Retirement Income Plan (Retirement Plan) provides for payment of fixed pension benefits to persons who retire after a specified age and number of years of service, based on average annual salary during the five highest paid consecutive years out of the last ten years prior to retirement. All of the officers named in the compensation table participate in the Retirement Plan.

MWR maintains an unfunded Supplemental Retirement Plan (Supplemental Plan) to provide additional retirement benefits to certain officers of IPR as determined by the MWR Board of Directors. The Supplemental Plan covers all of the officers named in the compensation table. Part A of the Supplemental Plan provides retirement benefits up to 65% of a participant's highest annual salary during the five years prior to retirement reduced by the participant's Retirement Plan benefit. The percentage applied is based on years of credited service. A participant who takes early retirement is entitled to reduced benefits under the plan. A survivor benefit is payable to a surviving spouse. Part B of the Supplemental Plan provides that an additional 150% of annual salary is to be paid out to participants at the rate of 10% per year over 15 years, except in the event of a participant's death, in which event the unpaid balance would be paid to the participant's beneficiary or estate.

Benefits from the Supplemental Plan will be paid out of general corporate funds. Midwest Resources maintains life insurance on participants in amounts actuarially determined to be sufficient to fund all of the future liabilities under the Supplemental Plan. Midwest Resources through a trust is both owner and beneficiary of all such life insurance. The Supplemental Plan has been designed so that if the assumptions made as to mortality experience, policy dividend, tax credits and other factors are realized, Midwest Resources will recover fully its premium and benefit payments over the life of the Supplemental Plan. Deferred compensation is considered part of the salary covered by the Supplemental Plan.

The table below shows the estimated aggregate annual benefit payable (for the first 15 years of retirement) under the Supplemental Plan and the Retirement Plan. The amounts exclude Social Security and are based on a straight life annuity and retirement at age 65. Amounts shown are calculated on the basis of credited service. All of the persons named in the compensation table will have at least 25 years of credited service at age 65.

Current compensation covered by the Supplemental Plan (regular salary plus deferred compensation) for individuals named in the compensation table is as follows: Mr. Putney $380,000; Mr. Vorbrich $224,000; Dr. Bull $150,000; Mr. Lester $134,000; and for Mr. Lindner $150,000.

Highest Annual Salary in Five Years Prior to Retirement	Estimated Annual Benefit* Years of Service 10	15	20	25 or More
$100,000	$ 60,000	$ 65,000	$ 70,000	$ 75,000
150,000	90,000	97,500	105,000	112,500
200,000	120,000	130,000	140,000	150,000
250,000	150,000	162,500	175,000	187,500
300,000	180,000	195,000	210,000	225,000
350,000	210,000	227,500	245,000	262,500
400,000	240,000	260,000	280,000	300,000
450,000	270,000	292,500	315,000	337,500
500,000	300,000	325,000	350,000	375,000

*Federal law limits the amount of benefits payable to an individual through the Retirement Plan. Benefits which would exceed the limitation will be payable under the Supplemental Plan.

COMPENSATION OF DIRECTORS

During 1991, each director of IPR was entitled to an annual fee of $8,000 unless the director is also a director of Iowa Public Service Company, an affiliate, in which case the director receives an annual retainer fee of $4,000. No meeting fees are paid. Directors have the opportunity to make an election prior to the commencement of any year to defer a portion or all of their compensation received for directors' services provided to IPR pursuant to the Midwest Resources Inc. Board of Directors Deferred Compensation Plan. Deferrals under this plan and distributions upon termination of service as a director are accomplished in the same manner as provided in the Executive Deferred Compensation plan.

Item 12-Security Ownership of Certain Beneficial Owners and Management

MWR owns 100% of the 7,586,456 shares of IPR's common stock, par value $10, which were outstanding on February 28, 1992.

The following table sets forth information concerning each class of MWR's and IPR's equity securities which were owned of record or beneficially held on February 28, 1992, by all of IPR's directors and nominees for election as directors, and by all directors and officers as a group. The number of shares owned by any director or nominee, or by all directors and officers of IPR as a group did not exceed one percent of MWR shares outstanding on February 28, 1992.

Title of Class	Name of Director or Identity of Group	Number of Shares
Midwest Resources common stock, without par value	Russell E. Christiansen	9,468
Midwest Resources common Stock, without par value	Richard C. Engle	7,266
Midwest Resources common stock, without par value	Philip G. Lindner	250
Midwest Resources common stock, without par value	Mark W. Putney	15,687
Midwest Resources common stock, without par value	Lynn K. Vorbrich	1,955
Midwest Resources common stock, without par value	9 directors and officers, as a group	47,329 (1)

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(1) Does not include 390,527 shares held for the Iowa Power Payroll-Based Employee Stock Ownership Plan by Ms. Rozema as Trustee.

Item 13-Certain Relationships and Related Transactions

Reference is made to Note (18) of Notes to Consolidated Financial Statements for a summary of affiliated transactions.

PART IV

Item 14-Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)1. Financial Statements (included herein):

(a)2. Financial Statement Schedules (included herein):

The following schedules, for the years ended December 31, 1991, 1990 and 1989 should be read in conjunction with the aforementioned financial statements (schedules not included have been omitted because they are not applicable or the required data is shown in the aforementioned financial statements):

(a)3. Exhibits

See Exhibits Index on page 58.

IOWA POWER INC.
SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31 (In Thousands)				
	1991	1990	1989	1988	1987
Operating revenues	$ 381,752	$ 371,048	$ 371,297	$ 352,483	$ 350,813
Operating income	67,315	68,918	69,098	59,287	65,519
Net income	37,432	41,558	43,238	36,210	41,387
Total assets	1,162,239	1,109,737	1,086,516	1,081,073	1,058,702
Long-term debt (excluding current maturities)	336,501	338,255	348,291	349,885	289,019
Cumulative preferred stock without sinking fund	19,971	19,971	19,971	19,971	19,971
Common equity	382,496	329,690	324,128	318,051	317,333
Total capitalization	788,968	687,916	692,390	687,907	626,323
Power purchase contract	150,838	159,293	167,282	174,832	181,977

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CORPORATE STRUCTURE

Iowa Power Inc. (IPR or Company) is a wholly-owned subsidiary of Midwest Resources Inc. (MWR), a holding company which was formed on November 7, 1990, through the merger of Iowa Resources Inc. (IOR) and Midwest Energy Company (MWE). IPR was previously a wholly-owned subsidiary of IOR and currently provides electric service to 254,000 customers in Iowa.

RESULTS OF OPERATIONS

Electric Revenue Increase (Decrease) from Prior Year

	1991	1990
	(In Millions)	
Sales volume	$18.8	$8.8
Rates	(3.0)	3.8
Cost of energy	(2.5)	(13.2)
Other	(2.5)	0.4
Total	$10.8	$(0.2)

1991 Compared to 1990

The Company continues to experience growth in both customers and usage per customer, especially for residential and small general service customers. Electric revenues increased 2.9 percent over 1990.

A 50.4 percent decrease in allowance for funds (AFUDC), an increase in maintenance expenses and in property taxes and costs recorded for a reorganization and staffing plan (including an enhanced voluntary early retirement and a severance plan) announced in 1991 were major reasons for Earnings on Common Stock decreasing $4.1 million to $36.6 million.

Electric sales to jurisdictional customers increased 4.5 percent to 5.6 billion kWh for 1991. Residential and small general service customer sales volumes increased 7.7 percent and 9.4 percent, respectively, due to customer growth and increases of 6.6 percent and 8.3 percent, respectively, in usage per customer. The primary cause of these increases was colder temperatures during the heating season and warmer temperatures during the cooling season compared to 1990. Sales to large general service customers decreased 2.5 percent. Overall, the impact of these items was an increase in revenues of $18.8 million.

The Company's sales for resale were 10.3 percent lower than 1990, resulting in a $2.5 million decrease in revenues. An extended outage at Cooper Nuclear Station in 1991 and increased sales to jurisdictional customers reduced the amount of energy available for sales for resale.

Although generation at Company-owned facilities increased, Fuel for Generation decreased slightly due to lower coal and transportation costs. Nuclear Power Purchased was $0.6 million lower than 1990 due to a decrease in fuel costs resulting from the outage. Other Operating Expenses increased 10.9 percent, or $6.3 million. Expenses related to the early retirement and severance plans and increases in information systems, marketing, demand side management and outside services expenses accounted for $3.5 million of the increase. Also contributing to the increase were transmission and distribution and electrical engineering expenses. These increases were partially offset by decreased costs of the merger of MWE and IOR.

Maintenance expenses were 17.7 percent greater than 1990 primarily due to unplanned maintenance at generating stations and the timing of regularly scheduled generator and boiler plant overhauls. Depreciation and Amortization increased 6.8 percent due to an increase in depreciable plant in service. General Taxes were $3.2 million, or 11.4 percent, over 1990 mostly due to increases in property assessment values and the average mill levy.

AFUDC decreased $2.6 million compared to 1990. Construction of two combustion turbines, placed in service in mid-1990, and a new energy center, placed in service in mid-1991, resulted in a significant decrease in the construction balance on which AFUDC is computed. In addition, the use of low-cost, short-term financing caused equity AFUDC to drop substantially.

1990 Compared to 1989

In 1990, Earnings on Common Stock decreased $1.7 million to $40.7 million compared to 1989.

Sales of electricity to jurisdictional customers for 1990 exceeded 5.3 billion kWh, an increase of approximately 2.8 percent over the prior year. Sales to small general service and large general service customers increased 6.7 percent and 4.2 percent, respectively, due to the improved economy of the service territory. Sales to residential customers decreased 0.3 percent. Increases due to a 1.1 percent customer growth were partially offset by the effect of mild weather conditions during the first and fourth quarters.

Sales for resale increased 10.8 percent during 1990, representing continued deliveries under existing bulk power sales contracts and an increase in available energy.

Although total sales of electricity increased 4.6 percent, Fuel for Generation decreased $3.1 million, or 5.7 percent, due to lower coal and transportation costs. An increase in energy available from Company-owned facilities and Cooper Nuclear Station resulted in a decrease of $3.6 million, or 43.9%, for Power Purchased and Interchanged. Other Operating Expenses increased 2.6 percent due to $2.1 million of costs related to the merger of MWE and IOR. Maintenance expenses increased 20.7 percent due to overhauls of the Company's generating units and to repair of power lines damaged by the March 1990 ice storm. Depreciation expense increased 9.5 percent due to an increase in depreciable plant in service. General Taxes increased 6.9 percent because of increases in property assessment values and in the average mill levy.

Increased construction activity related to a new energy center and two combustion turbines during 1990 was the primary cause of a $1.6 million increase in AFUDC.

LIQUIDITY AND CAPITAL RESOURCES

Capital resources of the Company are derived primarily from funds generated from current operations, short-term borrowings, long-term borrowings and equity financing. These capital resources provide funds required for current operations, debt interest and retirement, dividends, construction expenditures and other capital requirements.

At December 31, 1991, the Company's material sources of liquidity included current assets of $107 million and bank lines of credit of $86 million.

In December 1991, the Company issued $50 million of long-term debt to replace short-term borrowings. The Company has property of approximately $291 million which can be used to support future long-term borrowings.

Short-term debt, which increased during the first three quarters of 1991 primarily because of the Company's construction programs was refinanced with long-term debt and a contribution from MWR during the fourth quarter. The increase in short-term debt, offset partially by lower interest rates, was the primary cause of an increase of $0.6 million, or 19.1 percent, in Other Interest Charges compared to 1990. Interest on Long-term Debt decreased $0.4 million, or 1.5 percent, compared to the prior year.

The Company's policy is to be in position to access the capital markets whenever market conditions are appropriate to replace short-term borrowings, refinance higher cost debt and preferred equities and finance capital expenditures. In 1992 the Company intends to file a shelf registration with the SEC for the issuance of up to $100 million of long-term debt.

The Company's access to external capital and its cost of capital are influenced by the credit ratings of its securities. The Company's latest credit ratings are as follows:

	Moody's Investors Service	Standard & Poor's	Fitch Investors Service
First Mortgage Bonds	A2	A	A
Preferred Stocks	a3	A	A-
Commercial Paper	P-1	N/R	F-1

Due to the differences in the securities ratings of IPR and IPS, the consummation of the utility merger is expected to have an effect on the current ratings. The rating agencies have informed the Company and the investment community of the potential changes to its current ratings after the merger is consummated. Standard & Poor's has indicated that IPR's ratings have been placed on review with positive implications. The merged utility's securities indicated ratings would be "A+" (senior debt), "A" (preferred stock) and "A1" (commercial paper). Fitch Investors Service has placed IPS's first mortgage bonds on review with negative implications and IPR's preferred stock on review with positive implications. Indicated ratings for the merged utility's securities would be "A" (senior debt), "A" (preferred stock) and "F-1" (commercial paper). Moody's Investors Service has placed its credit ratings of the securities of IPS under review for possible downgrade. The merged utility's preferred stock indicated rating should be an "a3" and indicated debt rating would be "A2". Commercial paper rating should be unchanged at "P-1".

The above ratings reflect only the views of such rating agencies and each rating should be evaluated independently of any other rating. Generally, rating agencies base their ratings on information furnished to them by the issuing company and on investigation, studies and assumptions by the rating agencies. There is no assurance that any particular rating will continue for any given period of time or that it will not be changed or withdrawn entirely if in the judgment of the rating agency circumstances so warrant. Such ratings are not a recommendation to buy, sell or hold securities.

The following is a summary of the meanings of the ratings shown above and the relative rank of the Company's rating within each agency's classification system.

Moody's top four long-term debt ratings (Aaa, Aa, A and Baa) are generally considered "investment grade." Obligations which are rated "A" possess many favorable investment attributes and are considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future. A numerical modifier ranks the security within the category with a "1" indicating the high end, a "2" indicating the mid-range and a "3" indicating the low end of the category. Standard & Poor's top four long-term debt ratings (AAA, AA, A and BBB) are considered "investment grade". Debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in economic conditions than debt in higher rated categories. Fitch Investors Service considers the top four long-term debt ratings (AAA, AA, A and BBB) as "investment grade." Fitch's "A" rated bonds are considered to be of good quality. The issuers ability to pay interest and repay principal is considered to be strong but may be more vulnerable to adverse changes in economic conditions than bonds with higher ratings. A plus (+) or minus (-) sign is used after Standard & Poor's and Fitch ratings to designate the relative position of a credit within the rating category.

Ratings of preferred issues are an indication of the company's ability to pay the preferred dividend and any sinking fund obligations on a timely basis. Moody's top four preferred stock ratings (aaa, aa, a and baa) are generally considered "investment grade." Moody's "a" rating is considered to be an upper-medium grade preferred stock. Earnings and asset protection are expected to be maintained at adequate levels in the foreseeable future. Standard & Poor's top four preferred stock ratings (AAA, AA, A and BBB) are considered "investment grade." Standard & Poor's "A" rating indicates adequate earnings and asset protection. Fitch's top four preferred stock ratings (AAA, AA, A and BBB) are generally considered "investment grade". Fitch's "A" rating is considered good quality. Asset protection and coverage of preferred dividends are considered adequate and are expected to be maintained.

Moody's top three commercial paper ratings (P-1, P-2 and P-3) are generally considered "investment grade." Issuers rated "P-1" have a superior ability for repayment of senior short-term debt obligations and repayment ability is often evidenced by a conservative capitalization structure, broad margins in earnings coverage of fixed financial charges and well established access to a range of financial markets and assured sources of alternate liquidity. Standard and Poor's commercial paper ratings are a current assessment of the likelihood of timely payment of debt having an original maturity less than 365 days. The top three Standard & Poor's commercial paper ratings (A1, A2 and A3) are considered "investment grade." Issues rated A1 indicate that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety are denoted with a plus (+) sign designation. Fitch's commercial paper ratings are assigned at the request of the issuer to debt obligations with an original maturity not in excess of 270 days. An "F-1" commercial paper rating is regarded as having the strongest degree of assurance for timely payment.

Consolidated cash capital expenditures, including Cooper Nuclear Station capital improvements, were $66 million for 1991. The Company believes its capital resources and liquidity are sufficient to meet its current and projected requirements. See the discussion of planned capital expenditures in Prospective Information.

PROSPECTIVE INFORMATION

The Company's results of operations are significantly influenced by weather conditions, the general economic conditions of the service territory and the ability to recover costs through the regulatory process. The addition of new customers indicates general economic conditions continue to improve in the Company's service territory.

In late January 1992, the Company filed a notice with the Iowa Utilities Board (IUB) of its intention to file for an electric rate increase during the first quarter of 1992. Increasing nuclear expenses are a significant reason for the IPR electric rate case of 1992. While the Company expects nuclear expenses will continue to increase substantially over the next few years, the Company believes that such increases will not have a material impact on its financial position or its results of operations based on the historical inclusion of such expenses in the ratemaking process. The outcome of this case will have an impact on the Company's revenues and earnings for future periods (See Footnote (19)).

The Company is allowed current recovery from retail and wholesale customers for fuel and purchased power costs through the energy adjustment clause. The clause reduces the impact of changes in cost on the Company.

The Company's management annually reviews long-range capital expenditure needs. Based upon such a review, the Company has planned cash capital expenditures of $76 million for 1992. Estimated cash capital expenditures for the years 1993 through 1995 are $248 million. The Company has not included any of the capital expenditures for the repowering project discussed below in its long-range capital plan amounts for 1993 through 1995. Through the next five years, the Company has adequate base load generating reserves, including capacity under contract, to meet its energy demands.

The Department of Energy (DOE) has entered into a cooperative agreement for a repowering project of the Company's Des Moines Energy Center (DMEC). The DMEC, which closed in 1985, is the site chosen to demonstrate a developing coal-burning technology believed to be substantially cleaner and more efficient than technologies now in use. The DOE committed to provide approximately $93 million, or about half the cost of the project. Nearly all of the remaining costs will be paid by the Company, as the general partner, with small contributions to the project from key vendors and a limited partner.

The Company currently has been granted funding for budget period #1 of Phase 1 which covers the period September 1991 through August 1992. The Company has no material capital commitments associated with budget period #1. If the project proceeds as expected and DOE funding is awarded under budget period #2, the Company's obligations could be as much as $9.6 million over the twelve-month period ending in August 1993. Phase 2, the construction period, could obligate the Company to an additional $62.5 million over a twenty-three month period (1994-1996.)

The cooperative agreement may be terminated unilaterally or by mutual agreement per the contract. In addition, the DOE is obligated to pay its share of all noncancellable obligations properly incurred by the Company before the effective date of any termination.

The Company's customers will continue to realize savings over the next several years as a result of renegotiated coal supply and rail transportation contracts. The coal supply contract, which became effective July 1989, will reduce fuel costs through January 1993. The renegotiated rail transportation contract will continue to reduce the cost of transporting coal through 1997.

The Company's current fuel mix for installed capacity is 54 percent coal, 22 percent oil and gas and 24 percent nuclear. No significant changes in the fuel mix are planned through 1994.

As a user of polychlorinated biphenyls (PCB's), the Company is subject to governmental regulations pertaining to the use, handling and proper disposal of PCB's. The Company is involved as one of several parties in a cleanup at one site and has been notified by the EPA that it is being considered one of several potentially responsible parties at a second site. The Company has also notified the EPA with respect to a PCB incident at one if its properties.

The Company's coal-fired generating units are minimally affected by the provisions of the Clean Air Act Amendments of 1990. By the year 2000, some coal-fired generating units will be required to install controls to reduce emissions of nitrogen oxides. The cost of these controls is expected to be nominal (see footnote 14).

Legislation enacted in Iowa in 1990 requires electric and gas utilities, beginning in 1992, to spend 2 percent and 1.5 percent, respectively, of their annual Iowa jurisdictional revenues on demand side management activities (efforts to improve customer energy efficiency). The legislation permits periodic recovery of these costs so long as the utility's demand side programs are cost effective or, if not cost effective, so long as the utility was prudent and reasonable in the planning and implementation of the programs. Under the legislation, the utilities are also eligible for a monetary reward or subject to a monetary penalty depending upon the cost effectiveness of the overall demand side management effort.

On June 6, 1991, MWR announced a plan to merge IPS and IPR, its two wholly-owned subsidiary utility companies. The result will be a single utility company with approximately 412,000 electric customers and approximately 363,000 gas customers in Iowa, Minnesota, Nebraska and South Dakota. The proposed merger requires various approvals, including approval of the transaction by the preferred shareholders. The IUB and the Minnesota Public Utilities Commission approved the merger on December 23, 1991, and January 21, 1992, respectively. The Company and IPS filed an application with the Federal Energy Regulatory Commission (FERC) for approval under the Federal Power Act on December 17, 1991. The Company anticipates a FERC decision within the next 12 months.

As part of the application filed with the IUB, the Company and IPS provided testimony projecting total merger related savings of $89 million for the periods 1992 through 2001. The effect of any such reduced expenses could be offset by increases in other utility expenses; reduced revenues due to moderate weather or economic conditions in the IPS and Company service territories, or for other reasons; or the treatment of such reduced expenses by regulatory authorities in the establishment of rates the utilities are permitted to charge their customers for electric and gas services. In current rate proceedings, the Company and IPS are proposing a sharing of any savings exceeding the cost of the merger on an equal basis between shareholders and customers. The Company is unable to assure 1) that proper and acceptable regulatory approvals of the merger will be obtained and, if obtained, the timing of such approvals; 2) the ultimate achievement of the projected savings included in the filed testimony; or 3) the outcome of the proposed sharing, if any, of savings from the regulatory proceedings.

As a further step towards the realignment of utility services, MWR announced on October 23, 1991, that a voluntary early retirement program was being offered to salaried employees of IPR and IPS who were age 55 or older by December 31, 1991, regardless of length of service with the companies. There were 100 employees, of which 44 were IPR employees, who elected retirement under this plan. Since the Company is looking for greater reductions in the number of salaried positions than the early retirement program and normal attrition produced, additional reductions are required. A comprehensive separation plan, including outplacement assistance and severance benefits, has been developed for employees whose jobs are eliminated and who cannot be placed in other suitable jobs within MWR. MWR has identified additional salaried positions that will be eliminated as a result of the separation plan (see footnote 7).

IOWA POWER INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	1991	1990	1989
		(In Thousands)	
OPERATING REVENUES			
Electric	$381,452	$370,689	$370,928
Other	300	359	369
Total	381,752	371,048	371,297
OPERATING EXPENSES			
Fuel for generation	50,272	50,406	53,470
Power purchased and interchanged	4,352	4,596	8,194
Nuclear power purchased	72,659	73,300	72,990
Other operating expenses	64,063	57,760	56,310
Maintenance	28,236	23,998	19,890
Depreciation and amortization	42,159	39,492	36,058
General taxes	31,033	27,855	26,059
Current income taxes	18,639	23,462	27,105
Deferred income taxes	4,874	3,125	3,771
Investment tax credit	(1,850)	(1,864)	(1,648)
Total	314,437	302,130	302,199
OPERATING INCOME	67,315	68,918	69,098
OTHER INCOME			
Interest and dividend income	587	508	1,084
Allowance for equity funds -			
Used during construction	59	1,169	921
Accrued on advances	65	587	836
Non-operating income taxes	(150)	(4)	(32)
Other, net	(321)	(650)	(531)
Total	240	1,610	2,278
FIXED CHARGES			
Interest on long-term debt	28,577	29,005	29,203
Other interest charges	3,956	3,322	657
Allowance for borrowed funds -			
Used during construction	(1,416)	(2,069)	(915)
Accrued on advances	(994)	(1,288)	(807)
Total	30,123	28,970	28,138
NET INCOME	37,432	41,558	43,238
Preferred stock dividends	841	841	841
EARNINGS ON COMMON STOCK	$ 36,591	$ 40,717	$ 42,397

The accompanying notes are an integral part of these statements.

IOWA POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	1991	1990	1989
	(In Thousands)		
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 37,432	$ 41,558	$ 43,238
Adjustments to reconcile net income to net cash provided:			
Depreciation and amortization	42,159	39,492	37,665
Amortization of advances for nuclear fuel and capital improvements	9,599	10,118	12,799
Net increase in deferred income taxes and investment tax credit, net	2,072	873	2,123
Allowance for equity funds	(124)	(1,756)	(1,757)
Cash flows resulting from changes in:			
Receivables	2,032	1,331	(16,061)
Receivables from affiliated companies	(1,082)	119	(22)
Inventories	3,926	(2,837)	6,298
Prepayments and other current assets	55	70	(390)
Accounts payable	4,490	(4,762)	517
Accounts payable to affiliated companies	622	282	(1,305)
Interest accrued	81	(88)	45
Taxes accrued	3,646	(3,730)	566
Other current liabilities	(4,049)	(879)	(339)
Other	(5,913)	(3,750)	1,882
Net cash provided	94,946	76,041	85,259
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditures	(54,666)	(58,380)	(75,123)
Cooper Nuclear Station capital improvement advances	(14,297)	(16,022)	(11,837)
Total capital expenditures	(68,963)	(74,402)	(86,960)
Allowance for equity funds	124	1,756	1,757
Proceeds from sale of assets	4,000	-	-
Net cash from investments	33	20	123
Net cash used	(64,806)	(72,626)	(85,080)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term debt proceeds	50,000	-	-
Dividends paid on common stock	(40,580)	(35,155)	(36,560)
Dividends paid on preferred stock	(841)	(841)	(841)
Retirement of long-term debt	(9,334)	(1,117)	(6,993)
Contribution from parent	56,795	-	-
Net increase (decrease) in notes payable	(45,200)	33,800	11,400
Net cash provided (used)	10,840	(3,313)	(32,994)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,980	102	(32,815)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,359	2,257	35,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 43,339	$ 2,359	$ 2,257

The accompanying notes are an integral part of these statements.

IOWA POWER INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	As of December 31	
	1991	1990
	(In Thousands)	
UTILITY PLANT		
Gross plant, including construction work in progress of $19,323 and $32,452, respectively	$1,211,648	$1,165,053
Less accumulated depreciation and amortization	454,015	419,274
Utility plant, net	757,633	745,779
OTHER PROPERTY AND INVESTMENTS		
Property, net of accumulated depreciation	1,277	5,479
Investments	474	507
Total	1,751	5,986
POWER PURCHASE CONTRACT		
Productive capacity	150,838	159,293
Advances for capital improvements, net of accumulated amortization of $60,268 and $50,669, respectively	98,111	93,413
Total	248,949	252,706
CURRENT ASSETS		
Cash and cash equivalents	43,339	2,359
Receivables, less reserves of $242 and $155, respectively	42,019	44,051
Receivables from affiliated companies	1,408	326
Electric production fuel, at average cost	10,602	12,379
Materials and supplies, at average cost	7,674	9,823
Prepayments and other	1,814	1,869
Total	106,856	70,807
DEFERRED CHARGES AND OTHER ASSETS	47,050	34,459
TOTAL	$1,162,239	$1,109,737

The accompanying notes are an integral part of these statements.

IOWA POWER INC.
CONSOLIDATED BALANCE SHEETS

CAPITALIZATION AND LIABILITIES

	As of December 31	
	1991	1990
	(In Thousands)	
CAPITALIZATION (See accompanying statements)		
Common stock equity	$ 382,496	$ 329,690
Cumulative non-redeemable preferred stock	19,971	19,971
Long-term debt (excluding current portion)	386,501	338,255
Total	788,968	687,916
POWER PURCHASE CONTRACT	14[illegible],890	150,838
CURRENT LIABILITIES		
Notes payable	-	45,200
Current portion of long-term debt	632	9,232
Current portion of power purchase contract	8,948	8,455
Accounts payable	23,507	19,017
Accounts payable to affiliated companies	1,307	685
Interest accrued	9,825	9,744
Taxes accrued	30,164	26,518
Other	4,197	8,246
Total	78,580	127,097
RESERVES AND DEFERRED CREDITS		
Deferred income taxes	106,115	101,561
Investment tax credit	34,697	36,547
Other	11,989	5,778
Total	152,801	143,886
TOTAL	$1,162,239	$1,109,737

The accompanying notes are an integral part of these statements.

IOWA POWER INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION

	As of December 31			
	1991		1990	
	(In Thousands)			
COMMON STOCK EQUITY				
Common stock, $10 par value, 8,000,000 shares authorized; 7,586,456 shares outstanding	$ 75,865		$ 75,865	
Additional paid-in capital	138,958		82,163	
Retained earnings	167,673		171,662	
Total	382,496	48.5%	329,690	47.9%
CUMULATIVE NON-REDEEMABLE PREFERRED STOCK				
$100 par value, 800,000 shares authorized:				
3.30% Series, 49,846 and 49,850 shares, respectively	4,985		4,985	
4.40% Series, 50,000 shares	5,000		5,000	
4.35% Series, 49,950 shares	4,995		4,995	
4.80% Series, 49,908 shares	4,991		4,991	
Total	19,971	[illegible]	19,971	2.9%
LONG-TERM DEBT				
First mortgage bonds:				
8 1/4% Series, due 1996	50,000		50,000	
8 3/8% Series, due 1997	50,000		50,000	
6 5/8% Series, due 1998	13,174		13,174	
9% Series, due 2000	12,964		12,964	
7 5/8% Series, due 2001	13,425		13,490	
8 2/10% Series, due 2003	50,000		-	
8 3/4% Series, due 2006	29,203		29,203	
8 1/4% Series, due 2007	29,400		29,400	
10 1/2% Series, due 2018	70,000		70,000	
Pollution control revenue bonds:				
5 4/10% average rate, due annually through 2003 (guaranteed)	8,404		8,948	
6 1/2% Series, due 2003 (secured by first mortgage bonds)	9,900		9,900	
5 9/10% Series, due 2007 (secured by first mortgage bonds)	18,000		18,000	
Louisa County, Iowa floating 30-day municipal bond rate, due 2015	23,900		23,900	
Notes:				
6 4/10% Series, due 2003 through 2007	2,000		2,000	
7% to 15% Series, due annually through 1996	148		251	
9 1/2% Series, due annually through 2009	969		991	
Obligation under capital leases	5,424		6,339	
Unamortized debt discount/premium, net	(410)		(305)	
Total	386,501	49.0%	338,255	49.2%
TOTAL	$ 788,968	100.0%	$ 687,916	100.0%

The accompanying notes are an integral part of these statements.

IOWA POWER INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31		
	1991	1990	1989
		(In Thousands)	
Balance, beginning of period	$171,662	$166,100	$160,023
Earnings on common stock	36,591	40,717	42,397
Less cash dividends on common stock	40,580	35,155	36,320
Balance, end of period	$167,673	$171,662	$166,100

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Corporate Organization and Principles of Consolidation:

Iowa Power Inc. (Company or IPR) is a wholly-owned subsidiary of Midwest Resources Inc. (MWR), a holding company. IPR provides electric service to 254,000 customers in 125 Iowa communities.

The consolidated financial statements include the accounts of all subsidiaries after elimination of significant intercompany accounts and transactions.

In 1991 the Company began reporting off-system sales as Operating Revenues rather than as a reduction to Power Purchased and Interchanged.

Prior year amounts have been reclassified on a basis consistent with the 1991 presentation.

(b) Recognition of Revenues and Costs:

Utility revenues are recorded based on service rendered to the end of the month. Accrued unbilled revenues are $13,827,000 and $15,595,000 at December 31, 1991 and 1990, respectively, and are included in Receivables on the Consolidated Balance Sheets.

The majority of the Company's electric revenues are subject to an adjustment clause. This clause allows the Company to adjust the amounts charged for electric service as the costs of fuel for generation or purchased power change. The costs recovered in revenues through use of the adjustment clause are charged to expense in the same period.

(c) Depreciation and Amortization:

The Company's provisions for depreciation and amortization are based on straight-line composite rates. The composite rate for 1991, 1990 and 1989 was 3.7%.

Utility plant is stated at original cost, which includes overheads, administrative costs and an allowance for funds used during construction.

The cost of repairs and minor replacements is charged to maintenance expense. Property additions and major property replacements are charged to plant accounts. Utility property retired or disposed of in the normal course of business is charged to accumulated provisions for depreciation, less net salvage credits.

(d) Income Taxes:

The Company provides deferred income taxes for all differences in the timing of income and expense except where such deferred income taxes are not allowed by regulatory agencies as an expense for rate purposes. Income tax expense related to these transactions is included in the period in which the taxes become payable. The estimated cumulative net amount of deferred taxes which has not been provided for as of December 31, 1991, is $57 million, primarily related to depreciable assets. Investment tax credits have been deferred and are being amortized over the life of the related property.

The Financial Accounting Standards Board (FASB) issued a new accounting standard which requires an asset and liability approach for financial accounting and reporting for income taxes rather than the deferred method. The FASB has announced that the effective date will be for fiscal years beginning after December 15, 1992. The Company anticipates adoption in 1993 on a restatement basis. Because of rate regulation, the adoption of the new standard will result in the recording of additional regulatory assets and liabilities of approximately $96 million with no material impact on earnings in the year of adoption.

(e) Consolidated Statements of Cash Flows:

The Company considers all cash and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents for purposes of the Consolidated Statements of Cash Flows.

Cash paid for interest and income taxes for the years ended December 31 was as follows (in thousands):

	1991	1990	1989
Interest paid, net of amounts capitalized . . .	$ 28,825	$ 28,170	$ 27,195
Income taxes paid	$ 18,995	$ 29,117	$ 25,963

(2) RETIREMENT PLANS:

The Company has non-contributory defined benefit pension plans covering substantially all employees. The benefit formulas are based on employees' years of service and individual earnings.

The Company generally uses the aggregate actuarial cost method to determine annual funding requirements. Under this method, there is no unfunded prior service cost. The excess of the present value of projected benefits over plan assets is funded as a level percentage of covered payroll. IPR has been allowed to recover funding contributions in rates. The plan assets are stated at fair market value and are composed of insurance contracts, federal government debt and corporate equity securities.

Net periodic pension cost includes the following components for the years ended December 31 (in thousands):

	1991	1990	1989
Service cost-benefit earned during the period	$ 2,715	$ 2,203	$ 1,967
Interest cost on projected benefit obligation .	2,472	2,247	2,247
Increase (decrease) in pension costs from actual return on assets	(14,456)	1,647	(6,348)
Net amortization and deferral	9,956	(6,766)	2,594
Regulatory recognition of incurred cost . . .	452	2,223	1,951
Net periodic pension cost	$ 1,139	$ 1,554	$ 2,411
Assumptions used were:			
Discount rate	8.50%	8.50%	9.25%
Rate of increase in compensation levels . . .	5.50%	5.00%	5.50%
Expected long-term rate of return on assets .	9.00%	9.00%	9.25%

The following table presents the plans' funding status and amounts recognized in the Company's Consolidated Balance Sheets as of December 31 (in thousands):

	1991	1990
Actuarial present value of benefit obligations		
Vested benefit obligation	$ (19,049)	$ (18,057)
Non-vested benefit obligation	(395)	(156)
Accumulated benefit obligation	(19,444)	(18,213)
Provision for future pay increases	(13,059)	(11,108)
Projected benefit obligation	(32,503)	(29,321)
Plan assets at fair value	56,018	44,637
Projected benefit obligation less than plan assets	23,515	15,316
Unrecognized net gain	(12,795)	(9,894)
Unrecognized net transition asset	(2,998)	(3,199)
Other	-	(2,223)
Pension liability recognized in the Consolidated Balance Sheets	$ 7,722	$ -

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. Under the current plan substantially all of the Company's employees may become eligible for these benefits if they reach retirement age while working for the Company. However, the Company retains the right to change these benefits anytime at its discretion. The cost of retiree health care and life insurance benefits is recognized as an expense as claims or premiums are paid. These costs amounted to $1,504,000 for 1991, $1,856,000 for 1990 and $1,040,000 for 1989.

In December 1990, the FASB issued a standard, FAS 106, on accounting for postretirement benefits other than pensions. This standard requires that the expected cost of these benefits be charged to expense during the years that the employees render service. This is a significant change from the Company's current method of recognizing these costs on the claims or premiums paid basis. The Company is required to adopt the new accounting and disclosure rules no later than 1993, although earlier implementation is permitted, and may adopt the new standard prospectively or use a cumulative catch-up adjustment.

The Company expects to prospectively adopt the new standard by January 1, 1993 and plans to amortize the discounted present value of the obligation at that date to expense over a 20-year period. The estimated accumulated postretirement benefit obligation and the estimated net periodic costs as defined under FAS 106 are approximately $30 million and $4 million, respectively.

The Company has previously been allowed rate recovery on these postretirement benefits on a claims or premiums paid basis. In future rate proceedings the Company is requesting recovery of costs on a FAS 106 accrual basis. The Company is unable to predict the regulators' acceptance of the accrual basis. If the Company is successful in its request, there would be no material impact on earnings as a result of adopting this pronouncement.

(3) LONG-TERM POWER PURCHASE CONTRACT:

Under a long-term power purchase contract with the Nebraska Public Power District (NPPD), expiring in 2004, IPR buys one-half of the output of the 778-megawatt Cooper Nuclear Station (Cooper). The Consolidated Balance Sheets include a liability for the Company's fixed obligation to pay 50% of NPPD's Nuclear Facility Revenue Bonds. A like amount representing the Company's right to purchase Cooper power is shown as an asset.

Monthly payments to NPPD cover one-half of the fixed and operating costs of the plant (excluding depreciation but including debt service) and the Company's share of nuclear fuel costs (including nuclear fuel disposal) based on energy delivered. The debt service portion on a monthly basis approximates $1.5 million and is not contingent upon the plant being in operation. Payments also include amounts to maintain various funds and reserves which are anticipated to be available for plant decommissioning costs. NPPD has filed a decommissioning plan with the Nuclear Regulatory Commission (NRC) and established an external trust for nuclear decommissioning funds. As of December 31, 1991, the Company's share of planned decommissioning costs is approximately $60,650,000 in 1990 dollars. $7,608,000 has been funded. Nuclear power purchased in the Consolidated Statements of Income reflects such charges. The debt amortization component of the Company's payments to NPPD was $8,455,000, $7,990,000 and $7,550,000 and the net interest component was $6,600,000, $6,811,000 and $6,929,000 each for the years 1991, 1990 and 1989, respectively. Current maturities of the power purchase contract obligation are $8,948,000, $9,470,000, $10,038,000, $10,638,000 and $11,273,000 for 1992, 1993, 1994, 1995 and 1996, respectively.

Capital improvement costs for new property, including carrying costs, are being deferred, amortized and recovered in rates over the term of the NPPD contract. Capital improvement costs for property replacements, including carrying costs, are being deferred, amortized and recovered in rates over a five year period.

NPPD has primary and excess property insurance for Cooper in the amount of $1.3 billion, and the Company purchases $625 million of excess property coverage directly from a mutual insurance company. The combination of insurance programs provides the Company coverage for its 50% share of losses up to $2.515 billion. Currently, this is the maximum available coverage. Under NRC rules, the required excess property insurance must be used to pay the cost of any obligation to decontaminate the facility and remove debris before any other claims for property damage. In the event of an accident at any of the mutual company members insured nuclear plants, the Company would be subject to a retrospective maximum additional premium of approximately $2.6 million. The Company also purchases insurance coverage from the mutual insurance company for increased costs of generation and purchased power in the event of an accidental outage at Cooper.

NPPD purchases nuclear liability insurance in the amount of $200 million. In accordance with the Price-Anderson Amendments Act of 1988, excess liability coverage is provided by a mandatory industry-wide program under which the owners of nuclear generating facilities could be assessed for liability incurred due to a serious nuclear incident at any commercial nuclear reactor in the United States. The Company's 50% share of the maximum amount of such an assessment would be $31.5 million per incident, payable in annual installments of not more than $5 million. However, an additional assessment of no more than 5% of this amount may be payable if the public liability claims and legal costs arising from a nuclear incident at an indemnified facility exceed the Price-Anderson financial protection.

An industry-wide policy with an aggregate limit of $200 million for the nuclear industry as a whole is in effect to cover tort claims of workers as a result of radiation exposure on or after January 1, 1988. The Company's share of a maximum retrospective premium adjustment would be approximately $1.3 million.

(4) LONG-TERM DEBT:

The Company's sinking fund requirements and maturities of long-term debt for 1992, 1993, 1994, 1995 and 1996 are $1,325,000, $2,360,000, $2,496,000, $2,207,000 and $51,775,000, respectively. The Company may reduce sinking fund requirements for first mortgage bonds by certifying property additions in accordance with terms of the Indenture and its supplements. Substantially all utility plant is pledged.

(5) INCOME TAX EXPENSE:

Income tax expense includes the following for the years ended December 31 (in thousands):

	1991	1990	1989
Income Taxes			
Current			
Federal	$14,789	$17,964	$20,306
State	4,952	5,890	6,831
	19,741	23,854	27,137
Deferred			
Federal	4,196	2,880	3,798
State	(274)	(143)	(27)
	3,922	2,737	3,771
Investment tax credit amortization	(1,850)	(1,864)	(1,648)
Total	$21,813	$24,727	$29,260

The sources of timing differences resulting in deferred income taxes and the tax effect of each for the years ended December 31 are as follows (in thousands):

	1991	1990	1989
Deferred federal and state income taxes, net, related to:			
Accelerated depreciation	$ 3,936	$ 2,788	$ 3,750
Other, net	(14)	(51)	21
Total	$ 3,922	$ 2,737	$ 3,771

The following table is a reconciliation between the effective income tax rate, before preferred stock dividends indicated by the Consolidated Statements of Income and the statutory federal income tax rate for the years ended December 31:

	1991	1990	1989
Effective federal and state income tax rate	37%	37%	40%
State income tax, net of federal income tax benefit	(5)	(6)	(6)
Amortization of investment tax credit	3	3	3
Differences between book and tax depreciation for which deferred taxes have not been provided	(1)	-	(3)
Statutory federal income tax rate	34%	34%	34%

(6) PROPOSED UTILITY MERGER:

On June 6, 1991, MWR announced a plan to merge its two wholly-owned subsidiary utility companies, IPR and Iowa Public Service Company (IPS). The Iowa Utilities Board (IUB) and the Minnesota Public Utilities Commission approved the merger on December 23, 1991, and January 21, 1992, respectively. A filing requesting Federal Energy Regulatory Commission approval has been made and is pending. The merger also requires approval from the preferred shareholders.

(7) VOLUNTARY EARLY RETIREMENT AND SEPARATION PROGRAMS:

On October 23, 1991, MWR announced a reorganization and staffing plan which consists of an enhanced voluntary early retirement plan and a comprehensive separation plan for salaried employees of IPR and IPS. Employees eligible for the enhanced voluntary early retirement plan were those 55 years of age or older by December 31, 1991.

There were 44 IPR employees who retired under this plan. Certain costs of the early retirement plan will result in increases in future pension fund contributions which are the basis by which these costs are included in rates. Other costs of this plan and the severance plan are estimated to total $1,013,000 and were expensed during the fourth quarter of 1991.

(8) JOINTLY-OWNED UTILITY PLANT:

Under joint plant ownership agreements with other utilities, the Company had undivided interests at December 31, 1991, in jointly-owned generating plants as shown in the table below.

The dollar amounts below represent the Company's share in each jointly-owned unit. Each participant has provided financing for its share of each unit. Operating Expenses on the Consolidated Statements of Income include the Company's share of the expenses of these units.

	Neal Unit No.3	Council Bluffs Unit No.3	Ottumwa Unit No.1	Louisa Unit No.1
	(Dollars in millions except capital cost per kW)			
Utility plant in service	$ 37.6	$165.2	$ 58.6	$184.9
Year placed in service	1975	1978	1981	1983
Accumulated depreciation	$ 17.9	$ 66.4	$ 19.0	$ 49.8
June 1991 unit capacity-mW	515	675	675	650
Percent ownership	23.0%	46.7%	15.0%	30.5%
Capital cost per kW	$ 317	$ 524	$ 579	$ 933

(9) RATE REGULATION:

The Company's utility operations are subject to rate regulation by the IUB.

On January 28, 1992, IPR filed a form of notice for a proposed rate increase with the IUB. The IUB has approved the Company's proposed rate notification filing (See Footnote (19)).

(10) CAPITAL EXPENDITURES:

The Company's capital expenditures, including Cooper Nuclear Station capital improvements and allowance for funds used during construction, are estimated to be $80,689,000 for 1992.

(11) SHORT-TERM BORROWING:

Interim financing of working capital needs and the construction program may be obtained from the sale of commercial paper or short-term borrowing from banks. The Company's short-term notes payable consisted of commercial paper borrowings of none and $45,200,000 at December 31, 1991, and 1990, respectively. The Company had bank lines of credit of $86,170,000 at December 31, 1991. These lines are used to support commercial paper and bank borrowings. The average interest rate on the commercial paper and bank borrowings was 6.15% for 1991 and 8.27% for 1990.

(12) COMMON STOCK:

Common stock outstanding and additional paid-in capital changed during the years ended December 31 as shown in the table below (in thousands):

	1991		1990		1989	
	Amount	Shares	Amount	Shares	Amount	Shares
Balance, beginning of year	$158,028	7,586	$158,028	7,586	$158,028	7,586
Changes due to:						
Contribution from parent	56,795	-	-	-	-	-
Balance, end of year	$214,823	7,586	$158,028	7,586	$158,028	7,586

(13) CUMULATIVE NON-REDEEMABLE PREFERRED STOCK:

All series of the Cumulative Non-Redeemable Preferred Stock ($100 par value) are redeemable at the option of the Company at prices varying from $101.50 to $102.70 plus dividends accrued and unpaid at the date of redemption. Each series is entitled to $100 per share plus accrued dividends upon involuntary liquidation, have no preemptive rights and are entitled to cumulative dividends at the respective rates per annum. The series of Cumulative Non-Redeemable Preferred Stock have no voting rights except as permitted by the Articles of Incorporation or required by law.

The Company redeemed 4 shares during 1991. Annual dividend requirements for the preferred stock outstanding at December 31, 1991, total $841,000.

(14) ENVIRONMENTAL MATTERS:

The Company's coal-fired generating units are minimally affected by the Phase I provisions of the Clean Air Act Amendments of 1990 (CAA). These generating units currently meet the new CAA sulfur dioxide emission rate standards by burning low-sulfur Wyoming coal. Additional emission rate reductions will not be required to achieve compliance. The Company estimates that sufficient emission allowances will be allocated on a system-wide basis for its units to operate at the capacity factors needed to meet system energy requirements. Once established, the number of emission allowances allocated and any pro rata reductions in those allowances will determine the extent, if any, to which sales for resale will be restricted. By the year 2000, some Company coal-fired generating units will be required to install controls to reduce emissions of nitrogen oxides. The cost of these controls is expected to be nominal. Essentially all utility generating units are subject to CAA provisions which address continuous emission monitoring, permit requirements and fees, and emission of toxic substances. The costs to achieve compliance with these provisions are expected to be nominal.

(15) STORM DAMAGE:

A major ice storm struck the Company's service territory during the fourth quarter of 1991, damaging certain electric transmission and distribution systems. Approximately 90 miles of 345 kV transmission line, which are jointly-owned by four utilities, were destroyed.

Restoration costs of $2,500,000 for the distribution systems were capitalized or deferred in anticipation of future rate recovery. Rebuilding the damaged 345 kV transmission line is estimated to cost $27,000,000 to the joint owners. The Company's share is estimated at $6,200,000 which will be capitalized. Reconstruction will not be complete until the summer of 1992. The Company can continue to meet customer electricity needs through other transmission facilities.

(16) UNAUDITED QUARTERLY OPERATING RESULTS:

	Operating Revenues	Operating Income (In Thousands)	Earnings On Common Stock
1991			
1st Quarter	$ 88,976	$ 15,086	$ 7,494
2nd Quarter	95,784	16,505	8,867
3rd Quarter	111,009	24,821	17,235
4th Quarter	85,983	10,903	2,995
1990			
1st Quarter	$ 83,723	$ 12,661	$ 5,733
2nd Quarter	87,058	14,935	7,752
3rd Quarter	113,994	27,552	20,170
4th Quarter	86,273	13,770	7,062

(17) DIVIDEND PROVISIONS:

The Articles of Incorporation of IPR allow the payment of cash dividends on common stock to the extent of the available retained earnings of IPR, providing that the percentage of common stock equity is 25% or more of total capitalization. If the common stock equity is less then 25% but more than 20% of total capitalization, common stock dividends shall not exceed 75% of net income available for common stock dividends. If the percentage of common stock equity to total capitalization is less than 20%, common stock dividends are restricted to 50% of net income available for common stock dividends. IPR meets the most stringent of these requirements, and there was no common stock dividend restriction at December 31, 1991, except to the extent of available retained earnings.

(18) AFFILIATED COMPANY TRANSACTIONS:

IPR is a wholly-owned subsidiary of MWR. IPR was previously a wholly-owned subsidiary of Iowa Resources Inc. (IOR), a holding company. On November 7, 1990, IOR and Midwest Energy Company (MWE) merged into MWR, a newly created holding company. The companies identified as affiliates, other than the parent company, are wholly-owned subsidiaries of MWR. The basis for these charges is provided for in service agreements between the companies. In the opinion of management, the expenses between entities is fair and reasonable.

IPR leased unit trains from an affiliate for the transportation of coal to IPR generating stations. Unit train costs, including maintenance, were $802,000, $855,000 and $894,000 for 1991, 1990, and 1989, respectively.

IPR leases an office facility and other properties from an affiliate and these lease payments were $265,000, $219,000, and $224,000 for 1991, 1990 and 1989, respectively.

IPR purchased and sold energy to an affiliate. Energy purchases from the affiliate were $139,000, $233,000 and $397,000 for 1991, 1990 and 1989, respectively. Energy sales to an affiliate amounted to $6,000, $55,000, and $52,000 for 1991, 1990 and 1989, respectively. IPR purchased natural gas from an affiliate in the amount of $2,186,000, $1,272,000 and $466,000 for 1991, 1990 and 1989, respectively.

Under a joint ownership agreement with other utilities, IPS is the managing partner of the Neal Generating Station Unit #3. Each participant has provided financing for its share of the unit. IPR paid to IPS its share of the other operation and maintenance expense in the amount of $2,761,000, $1,948,000 and $2,078,000 for 1991, 1990 and 1989, respectively.

IPR's parent company incurs certain administrative and general expenses which are of general benefit to all of its subsidiaries. IPR's share of such expenses was $2,081,000, $4,213,000 and $2,302,000 for 1991, 1990 and 1989, respectively. Included in the 1990 amount are $2,061,000 of costs related to the merger of IOR and MWE into MWR.

IPR is reimbursed for charges incurred on behalf of its parent company and other affiliated companies. The amount of such expenses were $3,558,000, $2,071,000 and $2,514,000 for 1991, 1990 and 1989, respectively. The majority of these reimbursed expenses were for employee wages and benefits, insurance, building rental, computer costs, administrative services and travel expense.

Beginning in 1989, IPR has a joint ownership agreement concerning various fiber optic lines with an affiliate. In 1989, the affiliate sold $600,000 of fiber optic lines to IPR at cost.

At December 31, 1991, IPR owned investments in IPS commercial paper amounting to $38,000,000 which is included in Cash and Cash Equivalents on the Consolidated Balance Sheets. The IPS commercial paper was purchased by IPR through a third party. Interest income earned on the investment during 1991 was $44,000.

IPR and IPS each utilized crews of the other company to restore electricity to customers after storms during 1991. IPR paid IPS $80,000 for use of IPS crews and IPR received $653,000 from IPS for use of IPR crews.

(19) EVENT OCCURRING SUBSEQUENT TO REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS (UNAUDITED):

On March 17, 1992 IPR filed a request with the IUB for an electric rate increase of $36.1 million, or 10.0% annually. The IUB has until April 16, 1992 to either allow the proposed rate increase to go into effect or docket the request as a contested case proceeding. Should the IUB docket the request and suspend the proposed rates, IPR requests an annualized interim rate increase, to be collected subject to refund, of approximately $19.0 million, or 5.3 percent, which would become effective April 16, 1992. The IUB would have until June 16, 1992 to rule on the request for the interim rate increase. IPR expects a final decision to be issued no later than January 17, 1993.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Iowa Power Inc. is responsible for the preparation and presentation of the accompanying financial statements. The financial statements have been prepared in conformity with generally accepted accounting principles and include amounts that are based on informed estimates and judgments of management.

Management maintains a system of internal accounting controls which it believes is adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management authorization and the financial records are reliable for preparing the financial statements. The system of internal accounting controls is supported by written policies and procedures, by a staff of internal auditors who conduct comprehensive internal audits and by the selection and training of qualified personnel.

The Midwest Resources Inc. Board of Directors, through its Audit Committee comprised entirely of outside directors, meets periodically with management, internal auditors and the Company's independent auditors to discuss auditing, internal control and financial reporting matters. To ensure their independence, both the internal auditors and independent auditors have full and free access to the Audit Committee.

The independent public accountants, Arthur Andersen & Co., were engaged to audit the Company's financial statements in accordance with generally accepted auditing standards.

Russell E. Christiansen
Chairman and Chief Executive Officer

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Iowa Power Inc.:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Iowa Power Inc. (an Iowa corporation and wholly-owned subsidiary of Midwest Resources Inc.) and subsidiaries as of December 31, 1991 and 1990, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1991. These financial statements and the schedules referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules 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 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 Iowa Power Inc. and subsidiaries as of December 31, 1991 and 1990, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991. in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the index of financial statement schedules (Item 14 (a) 2) are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Chicago, Illinois,
January 30, 1992

Arthur Andersen & Co.

UNAUDITED IPR ELECTRIC STATISTICS

For the years ended December 31,	1991	1990	1989	1988	1987
Revenues (000)					
Residential	$ 177,905	$ 169,975	$ 156,047	$ 157,020	$ 148,324
Small general service	101,659	96,381	100,382	102,644	97,447
Large general service	70,654	71,996	80,390	81,678	77,477
Other	11,126	9,665	11,556	(669)	11,175
Subtotal	361,344	348,017	348,375	340,673	334,423
Sales for resale	20,108	22,672	22,553	11,510	15,986
	$ 381,452	$ 370,689	$ 370,928	$ 352,183	$ 350,409
Sales (000 kWh)					
Residential	2,030,570	1,885,447	1,891,707	1,935,131	1,791,531
Small general service	1,678,778	1,534,707	1,438,065	1,382,989	1,278,371
Large general service	1,806,987	1,853,477	1,778,884	1,789,601	1,643,437
Other	74,194	74,137	94,097	88,429	89,888
Subtotal	5,590,529	5,347,768	5,202,753	5,196,150	4,803,227
Sales for resale	1,557,378	1,735,926	1,567,447	615,055	939,241
	7,147,907	7,083,694	6,770,200	5,811,205	5,742,468
Energy (000 kWh)					
Generated	4,611,612	4,564,353	4,180,064	3,219,957	2,962,275
Purchased and interchanged	2,947,425	3,934,225	2,943,979	2,968,442	3,238,669
	7,559,037	8,498,578	7,124,043	6,188,399	6,200,944
Customers (end of period)					
Residential	220,090	218,033	215,735	212,837	210,449
Small general service	32,883	32,600	32,136	31,608	31,027
Large general service	392	371	382	463	435
Other	1,022	993	978	1,018	996
Subtotal	254,387	251,997	249,231	245,926	242,907
Sales for resale	40	37	36	40	37
	254,427	252,034	249,267	245,966	242,944
Average Annual Use Per Residential Customer					
Revenue	$ 812.52	$ 785.08	$ 728.52	$ 742.44	$ 708.73
KWh	9,274	8,708	8,832	9,150	8,560
Average number of residential customers	218,954	216,507	214,198	211,492	209,280
Revenues as a % of Total					
Residential	46.6%	45.9%	42.1%	44.6%	42.3%
Small general service	26.7	26.0	27.0	[illegible]	27.8
Large general service	18.5	19.4	21.7	[illegible]	22.1
Other	2.9	2.6	3.1	[illegible]	3.2
Subtotal	94.7	93.9	93.9	[illegible]	95.4
Sales for resale	5.3	6.1	6.1	[illegible]	4.6
	100.0%	100.0%	100.0%	100.0%	100.0%
Sales as a % of Total					
Residential	28.4%	26.6%	27.9%	33.3%	31.2%
Small general service	23.5	21.7	21.2	23.8	22.2
Large general service	25.3	26.2	26.3	30.8	28.6
Other	1.0	1.0	1.4	1.5	1.6
Subtotal	78.2	75.5	76.8	89.4	83.6
Sales for resale	21.8	24.5	23.2	10.6	16.4
	100.0%	100.0%	100.0%	100.0%	100.0%

SCHEDULE I

IOWA POWER INC.
MARKETABLE SECURITIES - OTHER INVESTMENTS
DECEMBER 31, 1991
(In Thousands)

Column A	Column B	Column C	Column D	Column E
Name of Issuer and Title of Each Issue	Principal Amount of Bonds and Notes*	Cost of Each Issue	Market Value of Each Issue at Balance Sheet Date (Note 1)	Amount at Which Each Portfolio of Equity Securitiy Issues and Each Other Secrity Issue is Carried in the Balance Sheet
Investments:				
Iowa Public Service Commercial Paper	38,000	$37,775	$37,775	$37,775
Merrill Lynch Commercial Paper	2,800	2,799	2,799	2,799
Other	474	474	474	474
		$41,048		$41,048

Notes: (1) Due to the nature of these investments the market value is assumed to be cost.

* Represents dollar amounts.

SCHEDULE V
YEAR ENDED
DECEMBER 31, 1991

IOWA POWER INC.
CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A	Column B	Column C	Column D	Column E		Column F
				Other Changes		
Classification	Balance Dec. 31, 1990	Additions at Original Cost	Retirements at Original Cost (Note 1)	Transfers and Reclassifications	Other	Balance Dec. 31, 1991
STATED AT ORIGINAL COST:						
Utility plant -						
Intangibles	$ 879	$ 1,273	$ (5)	$ 3,833	$ -	$ 5,980
Production-						
Steam	471,710	5,252	-	-	-	476,962
Other	24,094	34,819	-	-	-	58,913
Transmission	138,003	7,013	(916)	-	-	144,100
Distribution	323,998	24,863	(2,887)	-	-	345,974
General	72,491	5,394	(6,050)	(3,833)	-	68,002
In service, not unitized	71,223	(12,373)	-	-	-	58,850
Property under capital lease	6,984	-	-	-	3,465 (2)	10,449
Total utility plant in service	1,109,382	66,241	(9,858)	-	3,465	1,169,230
Held for future use	23,219	-	(124)	-	-	23,095
Total utility plant	1,132,601	66,241	(9,982)	-	3,465	1,192,325
Construction work in progress	32,452	(13,129)	-	-	-	19,323
Total utility property, plant and equipment, including intangibles	1,165,053	53,112	(9,982)	-	3,465	1,211,648
Non-utility property	5,576	(292)	(4,010)	-	4	1,278
Total property, plant and equipment, including intangibles	$ 1,170,629	$52,820	$(13,992)	$ 0	$ 3,469	$1,212,926

( ) Denotes deduction

NOTES:(1) The reserve for depreciation has been charged with the amount indicated on Schedule VI for the year ended December 31, 1991. The difference of $3,944 represents land sales of $3,913 and undepreciated value of property retired of $31.

(2) The $3,465 reflects a change in the method of accounting for capital leases.

SCHEDULE V
YEAR ENDED
DECEMBER 31, 1990

IOWA POWER INC.
CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A Classification	Column B Balance Dec. 31, 1989	Column C Additions at Original Cost	Column D Retirements at Original Cost (Note 1)	Column E Other Changes Transfers and Reclassifications	Column E Other Changes Other (Note 2)	Column F Balance Dec. 31, 1990
STATED AT ORIGINAL COST:						
Utility plant -						
Intangibles	$ 846	$ -	$ (1)	$ 34	$ -	$ 879
Production-						
Steam	466,315	-	(157)	5,552	-	471,710
Other	24,094	-	-	-	-	24,094
Transmission	134,565	-	(686)	4,124	-	138,003
Distribution	306,532	(4)	(2,286)	19,756	-	323,998
General	68,779	-	(1,009)	4,721	-	72,491
In service, not unitized	23,544	81,866	-	(34,187)	-	71,223
Property under capital lease	7,503	-	-	-	(519)	6,984
Total utility plant in service	1,032,178	81,862	(4,139)	-	(519)	1,109,382
Held for future use	26,072	77	-	-	(2,930)	23,219
Total utility plant	1,058,250	81,939	(4,139)	-	(3,449)	1,132,601
Construction work in progress	57,316	(24,864)	-	-	-	32,452
Total utility property, plant and equipment, including intangibles	1,115,566	57,075	(4,139)	-	(3,449)	1,165,053
Non-utility property	8,547	397	-	-	(3,368)	5,576
Total property, plant and equipment, including intangibles	$1,124,113	$57,472	$(4,139)	$ -	$ (6,817)	$1,170,629

( ) Denotes deduction

NOTES:

(1) The reserve for depreciation has been charged with the amount indicated on Schedule VI for the year ended December 31, 1990.

(2) The $2,930 deduction to Utility Plant Held For Future Use and the $3,368 deduction to Non-utility Property represent a transfer of portions of the Des Moines Power Station and the deferred costs from the reduction of land values to deferred debits.

SCHEDULE V
YEAR ENDED
DECEMBER 31, 1989

IOWA POWER INC.
CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A Classification	Column B Balance Dec. 31, 1988	Column C Additions at Original Cost	Column D Retirements at Original Cost (Note 1)	Column E Other Changes Transfers and Reclassifications	Column E Other Changes Other (Note 2)	Column F Balance Dec. 31, 1989
STATED AT ORIGINAL COST:						
Utility plant -						
Intangibles	$ 766	$ 46	$ (10)	$ 44	$ -	$ 846
Production-						
Steam	466,130	-	(32)	217	-	466,315
Other	24,094	-	-	-	-	24,094
Transmission	131,701	8	(841)	3,697	-	134,565
Distribution	284,630	6,753	(1,406)	16,555	-	306,532
General	50,614	483	(1,975)	19,657	-	68,779
In service, not unitized	30,250	33,464	-	(40,170)	-	23,544
Property under capital lease	8,436	-	-	-	(933)	7,503
Total utility plant in service	996,621	40,754	(4,264)	-	(933)	1,032,178
Held for future use	43,445	59	(3,927)	-	(13,505)	26,072
Total utility plant	1,040,066	40,813	(8,191)	-	(14,438)	1,058,250
Construction work in progress	24,254	33,062	-	-	-	57,316
Total utility property, plant and equipment, including intangibles	1,064,320	73,875	(8,191)	-	(14,438)	1,115,566
Non-utility property	21,242	-	(56)	-	(12,639)	8,547
Total property, plant and equipment, including intangibles	$1,085,562	$73,875	$(8,247)	$ -	$(27,077)	$1,124,113

( ) Denotes deduction

NOTES:

(1) The reserve for depreciation has been charged with the amount indicated on Schedule VI for the year ended December 31, 1989. The difference of $120 represents the sale of land.

(2) The $13,505 deduction to Utility Plant Held For Future Use and the $12,639 deduction to Non-utility Property represent a transfer of portions of the Des Moines Power Station to Unrecovered Plant.

SCHEDULE VI
YEAR ENDED
DECEMBER 31, 1991

IOWA POWER INC.
CONSOLIDATED ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A	Column B	Column C	Column D		Column E			Column F
			Retirements		Other			
Description	Balance Dec. 31, 1990	Additions Charged to Costs and Expenses (Notes 1&3)	At Original Cost (Note 2)	Cost of Removal or Salvage, Net	Additions Charged to Clearing Accounts	Transfers and Reclassifications	Other (Note 4)	Balance Dec. 31, 1991
Utility plant	$389,955	$39,571	$ (9,221)	$ (1,928)	$ 409	$(1,929)	$ (22)	416,835
Specific equipment	8,437	218	(637)	82	1,415	-	-	9,515
Intangibles	3,276	752	-	-	-	1,929		5,957
Depreciation on property under capital lease	-	-	-	-	-	-	4,195	4,195
Total depreciation and amortization electric plant in service	401,668	40,541	(9,858)	(1,846)	1,824	-	4,173	436,502
Depreciation on plant held for future use	17,606	-	(93)	-	-	-	-	17,513
Total utility depreciation and amortization	419,274	40,541	(9,951)	(1,846)	1,824	-	4,173	454,015
Depreciation on non-utility property	98	-	(97)	-	-	-	-	1
Total depreciation and amortization	$419,372	$ 40,541	(10,048)	$ (1,846)	$ 1,824	$ -	$4,173	$454,016

( ) Denotes Deduction

NOTES:

(1) See Note 1 of Notes to Consolidated Financial Statements for the basis of the provision for depreciation.

(2) See Note 1 to Schedule V for the year ended December 31, 1991.

(3) Depreciation and amortization on electric plant in service as shown on the Consolidated Statement of Income and the Consolidated Statement of Cash Flows includes $1,618 of amortization of deferred charges.

(4) Represents a gain on sale of land of $22, a change in the balance sheet presentation for capital leases of $3,465 and amortization of capital leases of $730.

SCHEDULE VI
YEAR ENDED
DECEMBER 31, 1990

IOWA POWER INC.
CONSOLIDATED ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A	Column B	Column C	Column D		Column E			Column F
			Retirements		Other			
Description	Balance Dec. 31, 1989	Additions Charged to Costs and Expenses (Notes 1&3)	At Original Cost (Note 2)	Cost of Removal or Salvage, Net	Additions Charged to Clearing Accounts	Transfers and Reclassi-fications	Other (Note 4)	Balance Dec. 31, 1990
Utility plant	$ 356,563	$ 37,372	$(3,315)	$(1,079)	$ 414	$ -	$ -	$ 389,955
Specific equipment	7,561	218	(822)	171	1,317	-	(8)	8,437
Intangibles	2,998	280	(2)	-	-	-	-	3,276
Total depreciation and amortization electric plant in service	367,122	37,870	(4,139)	(908)	1,731	-	(8)	401,668
Depreciation on plant held for future use	18,798	-	-	-	-	-	(1,192)	17,606
Total utility depreciation and amortization	385,920	37,870	(4,139)	(908)	1,731	-	(1,200)	419,274
Depreciation on non-utility property	94	4	-	-	-	-	-	98
Total depreciation and amortization	$ 386,014	$ 37,874	$(4,139)	$ (908)	$ 1,731	$ -	$(1,200)	$ 419,372

( ) Denotes Deduction

NOTES:

(1) See Note 1 of Notes to Consolidated Financial Statements for the basis of the provision for depreciation.

(2) See Note 1 to Schedule V for the year ended December 31, 1990.

(3) Depreciation and amortization on electric plant in service as shown on the Consolidated Statement of Income and the Consolidated Statement of Cash Flows includes $1,618 of amortization of deferred charges.

(4) The $1,192 deduction to depreciation on Plant Held For Future use represents a transfer of portions of Des Moines Power Station to deferred debits.

SCHEDULE VI
YEAR ENDED
DECEMBER 31, 1989

IOWA POWER INC.
CONSOLIDATED ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
(In Thousands)

Column A	Column B	Column C	Column D		Column E			Column F
			Retirements		Other			
Description	Balance Dec. 31, 1988	Additions Charged to Costs and Expenses (Notes 1&3)	At Original Cost (Note 2)	Cost of Removal or Salvage, Net	Additions Charged to Clearing Accounts	Transfers and Reclassifications	Other (Note 4)	Balance Dec. 31, 1989
Utility plant	$ 325,823	$ 34,810	$(2,896)	$(1,566)	$ 404	$ (18)	$ 6	$ 356,563
Specific equipment	7,358	199	(1,304)	234	1,056	18		7,561
Intangibles	2,746	252	-	-	-	-	-	2,998
Total depreciation and amortization electric plant in service	335,927	35,261	(4,200)	(1,332)	1,460	-	6	367,122
Depreciation on plant held for future use	33,559	-	(3,927)	-	-	-	(10,834)	18,798
Total utility depreciation and amortization	369,486	35,261	(8,127)	(1,332)	1,460	-	(10,828)	385,920
Depreciation on non-utility property	9,908	11	-	-	-	-	(9,825)	94
Total depreciation and amortization	$ 379,394	$ 35,272	$(8,127)	$(1,332)	$ 1,460	$ -	$(20,653)	$ 386,014

( ) Denotes Deduction

NOTES:

(1) See Note 1 of Notes to Consolidated Financial Statements for the basis of the provision for depreciation.

(2) See Note 1 to Schedule V for the year ended December 31, 1989.

(3) Depreciation and amortization on electric plant in service as shown on the Consolidated Statement of Income includes $786 of amortization of deferred charges. Depreciation and amortization as shown on the Consolidated Statement of Cash Flows includes $1,460 of depreciation charged to clearing accounts and $933 amortization of capital leases.

(4) The $10,834 deduction to depreciation on Plant Held For Future use and the $9,825 deduction to depreciation on Non-utility Property represent a transfer of portions of Des Moines Power Station to Unrecovered Plant.

SCHEDULE VIII
YEAR ENDED
DECEMBER 31, 1991

IOWA POWER INC.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance Dec. 31, 1990	Charged to Income	Charged to Other	Deductions for Purposes for Which Reserves Were Created	Balance Dec. 31, 1991
Reserve deducted from applicable assets-Uncollectible accounts	$ 155	$ 977	$ -	$(890)	$ 242

SCHEDULE VIII
YEAR ENDED
DECEMBER 31, 1990

IOWA POWER INC.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions		Deductions for Purposes for Which Reserves Were Created	
Description	Balance Dec. 31, 1989	Charged to Income	Charged to Other		Balance Dec. 31, 1990
Reserve deducted from applicable assets-Uncollectible accounts	$ 240	$ 941	$ -	$ (1,026)	$ 155

SCHEDULE VIII
YEAR ENDED
DECEMBER 31, 1989

IOWA POWER INC.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
(In Thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance Dec. 31, 1988	Charged to Income	Charged to Other	Deductions for Purposes for Which Reserves Were Created	Balance Dec. 31, 1989
Reserve deducted from applicable assets-Uncollectible accounts	$ 291	$ 830	$ -	$ (881)	$ 240

SCHEDULE IX
YEAR ENDED
DECEMBER 31, 1991

IOWA POWER INC.
CONSOLIDATED SHORT-TERM BORROWINGS (NOTE 1)
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Category of aggregate short-term borrowings	Balance at end of period	Weighted average interest rate	Maximum amount outstanding during the period	Average amount outstanding during the period(Note 2)	Weighted average interest rate during the period (Note 3)
Commercial Paper	$ -	NA	$80,000	$58,565	6.1%

NOTES:

(1) Commercial paper may be issued in an amount not to exceed 25% of gross operating revenues for the preceding twelve months and is issued with maturities not to exceed 270 days at interest rates then in effect.

(2) The computation of the average amount outstanding during the period is based on the sum of the daily amount outstanding divided by the number of days in the year.

(3) The computation of the weighted average interest rate for commercial paper outstanding in 1991 is based on the sum of the annual interest on each commercial paper transaction divided by the sum of the daily net amounts of commercial paper outstanding.

SCHEDULE IX
YEAR ENDED
DECEMBER 31, 1990

IOWA POWER INC.
CONSOLIDATED SHORT-TERM BORROWINGS (NOTE 1)
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Category of aggregate short-term borrowings	Balance at end of period	Weighted average interest rate	Maximum amount outstanding during the period	Average amount outstanding during the period(Note 2)	Weighted average interest rate during the period (Note 3)
Commercial Paper	$ 45,200	8.1%	$54,600	$34,368	8.3%

NOTES:

(1) Commercial paper may be issued in an amount not to exceed 25% of gross operating revenues for the preceding twelve months and is issued with maturities not to exceed 270 days at interest rates then in effect. At December 31, 1990 commercial paper maturity dates ranged from January 11, 1991 to February 15, 1991.

(2) The computation of the average amount outstanding during the period is based on the sum of the daily amount outstanding divided by the number of days in the year.

(3) The computation of the weighted average interest rate for commercial paper outstanding in 1990 is based on the sum of the annual interest on each commercial paper transaction divided by the sum of the daily net amounts of commercial paper outstanding.

SCHEDULE IX
YEAR ENDED
DECEMBER 31, 1989

IOWA POWER INC.
CONSOLIDATED SHORT-TERM BORROWINGS (NOTE 1)
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Category of aggregate short-term borrowings	Balance at end of period	Weighted average interest rate	Maximum amount outstanding during the period	Average amount outstanding during the period (Note 2)	Weighted average interest rate during the period (Note 3)
Commercial Paper	$ 11,400	8.7%	$20,900	$7,780	9.2%

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NOTES:

(1) Commercial paper may be issued in an amount not to exceed 25% of gross operating revenues for the preceding twelve months and is issued with maturities not to exceed 270 days at interest rates then in effect. At December 31, 1989 commercial paper maturity dates ranged from January 22, 1990 to February 9, 1990.

(2) The computation of the average amount outstanding during the period is based on the sum of the daily amount outstanding divided by the number of days in the year.

(3) The computation of the weighted average interest rate for commercial paper outstanding in 1989 is based on the sum of the annual interest on each commercial paper transaction divided by the sum of the daily net amounts of commercial paper outstanding.

IOWA POWER INC.
SUPPLEMENTARY CONSOLIDATED INCOME STATEMENT INFORMATION
(In Thousands)

Column A	Column B		
	Charged To Costs And Expenses		
	Year Ended December 31		
	1991	1990	1989
Taxes, other than payroll and income taxes - Property	$25,752	$22,979	$21,421

NOTE: The amount of maintenance, other than set forth on the Consolidated Statements of Income, is not significant. Advertising costs are not significant. IPR paid no royalties. Depreciation and amortization of intangible assets is included in Schedule VI.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IOWA POWER INC.

Date: March 25, 1992

By R. E. Christiansen

(R. E. Christiansen)
Chairman and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

Signature	Title	Date
R. E. Christiansen (R. F. Christiansen)	Chairman and Chief Executive Officer (Principal Executive Officer)	3/25/92
P. G. Lindner (P. G. Lindner)	Senior Vice President (Principal Accounting and Financial Officer)	3/25/92
J. W. Hamilton (J. W. Hamilton)	Controller	3/25/92
R. C. Engle (R. C. Engle)	Director	3/25/92
M. W. Putney (M. W. Putney)	Director	3/25/92
L. K. Vorbrich (L. K. Vorbrich)	Director	3/25/92

EXHIBITS INDEX

		Sequential Page Nos.

Exhibits Filed Herewith

4.18	Twenty-Fourth Supplemental Indenture dated December 1, 1991, between IPR, Harris Trust and Savings Bank and J. Bartolini, Trustees.	62
12	Computation of ratios of earnings to fixed charges and computation of ratios of earnings to fixed charges plus preferred dividend requirements.	74
22.1	Subsidiaries of IPR.	76
24	Consent of Independent Public Accountants.	77

Exhibits Incorporated by Reference

3.1 Restated Articles of Incorporation of Iowa Power Inc. (Filed as Exhibit 3.1 to IPR's Annual Report on Form 10-K for the year ended December 31, 1989, Commission File No. 1-3567.

3.2 Amended and Restated Bylaws of IPR. (Filed as Exhibit 3.2 to IPR's Annual Report on Form 10-K for the year ended December 31, 1983, Commission File No. 1-3567.)

4.1 Indenture of Mortgage dated as of August 1, 1943, between IPR and Harris Trust and Savings Bank and Harold Eckhart, Trustees. (Filed as Exhibit 8(a)(1) to IPR's Registration Statement, Registration No. 2-5138.)

4.2 Instrument relative to appointment of W. H Milsted as Individual Trustee under Indenture of Mortgage. (Filed as Exhibit 4-B-5 to IPR's Registration Statement, Registration No. 2-9619.)

4.3 Ninth Supplemental Indenture dated as of January 1, 1968, between IPR and Harris Trust and Savings Bank and R. H. Long, Trustees. (Filed as Exhibit 2-B-12 to IPR's Registration Statement, Registration No. 2-27681.)

4.4 Tenth Supplemental Indenture dated as of January 1, 1970, between IPR and Harris Trust and Savings Bank and R. H. Long, Trustees. (Filed as Exhibit 2-B-13 to IPR's Registration Statement, Registration No. 2-35624.)

4.5 Eleventh Supplemental Indenture dated as of December 1, 1971, between IPR and Harris Trust and Savings Bank and R. H. Long, Trustees. (Filed as Exhibit 2-B-14 to IPR's Registration Statement, Registration No. 2-42191.)

4.6 Thirteenth Supplemental Indenture dated as of March 1, 1976, between IPR and Harris Trust and Savings Bank and R. H. Long, Trustees. (Filed as Exhibit 2-B-15 to IPR's Registration Statement, Registration No. 2-58163.)

4.7 Fourteenth Supplemental Indenture dated as of March 1, 1977, between IPR and Harris Trust and Savings Bank and R. H. Long, Trustees. (Filed as Exhibit 2-B-16 to IPR's Registration Statement, Registration No. 2-59339.)

4.8 Loan Agreement No. 1 between the City of Council Bluffs, Iowa, and IPR providing for the borrowing by IPR of the proceeds of Pollution Control Revenue Bonds issued by the City. (Filed as Exhibit 2-B-17 to IPR's Registration Statement, Registration No. 2-59339.)

4.9 Loan Agreement No. 2 between the City of Council Bluffs, Iowa and IPR providing for the borrowing by IPR of the proceeds of Pollution Control Revenue Bonds issued by the City and the issuance by IPR of its Note due 2007. (Filed as Exhibit 2-B-18 to IPR's Registration Statement, Registration No. 2-59339.)

4.10 Instrument relative to the resignation of R. H. Long as individual trustee and appointment and acceptance of R. S. Stam as individual trustee under the Indenture of Mortgage and Deed of Trust between IPR and Harris Trust and Savings Bank, dated as of August 1, 1943, as amended and supplemented. (Filed as Exhibit 2-B-19 to IPR's Registration Statement, Registration No. 2-59339.)

4.11 Fifteenth Supplemental Indenture dated as of September 15, 1977, between IPR and Harris Trust and Savings Bank and R. S. Stam, Trustees. (Filed as Exhibit 2-B-20 to IPR's Registration Statement, Registration No. 2-59752.)

4.12 Sixteenth Supplemental Indenture dated as of December 1, 1978, between IPR and Harris Trust and Savings Bank and R. S. Stam, Trustees. (Filed as exhibit 2-B-21 to IPR's Registration Statement. Registration No. 2-63259.)

4.13 Loan Agreement dated as of December 1, 1985, between Louisa County, Iowa, and IPR providing for the borrowing by IPR of the proceeds of pollution control revenue bonds issued by the County. (Filed as Exhibit 4.31 to IPR's Annual Report on Form 10-K for the year ended December 31, 1985, Commission File No. 1-3567.)

4.14 Twenty-First Supplemental Indenture dated as of July 1, 1986, between IPR and Harris Trust and Savings Bank and R. S. Stam, Trustees. (Filed as Exhibit 4.26 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

4.15 Twenty-Second Supplemental Indenture dated as of December 1, 1986, between IPR and Harris Trust and Savings Bank and R. S. Stam, Trustees. (Filed as Exhibit 4.27 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

4.16 Twenty-Third Supplemental Indenture dated July 15, 1988, between IPR and Harris Trust and Savings Bank and R. S. Stam, Trustees. (Filed as Exhibit 4.28 to IPR's Annual Report on Form 10-K for the year ended December 31, 1988, Commission File No. 1-3567.)

4.17 Instrument relative to the resignation of R. S. Stam as individual trustee and appointment and acceptance of J. Bartolini as individual trustee under the Indenture of Mortgage and Deed of Trust between IPR and Harris Trust and Savings Bank, dated as of August 1, 1943, as amended and supplemented. (Filed as Exhibit 4.29 to IPR's Annual Report on Form 10-K for the year ended December 31, 1989, Commission File No. 1-3567.)

10.1 Power Sales Contract between IPR and Nebraska Public Power District, dated September 22, 1967. (Filed as Exhibit 4-C-2 to IPR's Registration Statement, Registration No. 2-27681.)

10.2 Amendments No. 1 and 2 to Power Sales Contract between IPR and Nebraska Public Power District. (Filed as Exhibit 4-C-2-a to IPR's Registration Statement, Registration No. 2-35624.)

10.3 Amendment No. 3 dated August 31, 1970, to the Power Sales Contract between IPR and Nebraska Public Power District, dated September 22, 1967. (Filed as Exhibit 5-C-2-b to IPR's Registration Statement, Registration No. 2-42191.)

10.4 Amendment No. 4 dated March 28, 1974, to the Power Sales Contract between IPR and Nebraska Public Power District, dated September 22, 1967. (Filed as Exhibit 5-C-2-c to IPR's Registration Statement, Registration No. 2-42191.)

10.5 Coal Supply Agreement between the Amax Coal Company Division of American Metal Climax, Inc., and IPR dated August 31, 1973, and Amendment to Agreement between the same parties dated December 19, 1973. (Filed as Exhibit 5-J-2 to IPR's Registration Statement, Registration No. 2-51540.)

10.6 Letter Agreement dated July 30, 1974, between Amax Coal Company and IPR amending Coal Supply Agreement. (Filed as Exhibit 5-J-2-a to IPR's Registration Statement, Registration No. 2-52835.)

10.7 Amendment No. 3 dated January 1, 1979, to the Coal Supply Agreement between Amax Coal Company and IPR, dated August 31, 1973. (Filed as Exhibit 10.7 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

10.8 Amendment No. 4 and supplemental letter dated July 1, 1982, to the Coal Supply Agreement between Amax Coal Company and IPR, dated August 31, 1973. (Filed as Exhibit 10.8 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

10.09 Amendment No. 5 (letter agreement) dated July 23, 1987, to the Coal Supply Agreement between Amax Coal Company and IPR, dated August 31, 1973. (Filed as Exhibit 10.17 to IPR's Annual Report on Form 10-K for the year ended December 31, 1988, Commission File No. 1-3567.)

10.10 Amendment No. 6 dated December 14, 1988, to the Coal Supply Agreement between Amax Coal Company and IPR, dated August 31, 1973. (Edited to exclude confidential information.) An unedited version of this document has been filed with the SEC under separate cover, pursuant to an OBJECTION TO DISCLOSURE OF INFORMATION AND APPLICATION FOR CONFIDENTIAL TREATMENT. (Filed as Exhibit 10.18 to IPR's Annual Report on Form 10-K for the year ended December 31, 1988, Commission File No. 1-3567.)

10.11 Revised and amended Supplemental Retirement Income Plan for IOR and Subsidiaries dated October 24, 1984. (Filed as Exhibit 10.24 to IOR's Annual Report on Form 10-K for the year ended December 31, 1984, Commission File No. 1-7830.)

10.12 Revised and amended Executive Compensation Plan for IOR and Subsidiaries, dated July 24, 1985. (Filed as Exhibit 10.21 to IOR's Annual Report on Form 10-K for the year ended December 31, 1985, Commission File No. 1-7830.)

10.13 Revised and amended Executive Deferred Compensation Plan for IOR and Subsidiaries, dated July 24, 1985. (Filed as Exhibit 10.22 to IOR's Annual Report on Form 10-K for the year ended December 31, 1985, Commission File No. 1-7830.)

10.14 Revised and amended Deferred Compensation Plan for Board of Directors of IOR and Subsidiaries, dated July 24, 1985. (Filed as Exhibit 10.23 to IOR's Annual Report on Form 10-K for the year ended December 31, 1985, Commission File No. 1-7830.)

10.15 Revised and amended Executive Compensation Plan for IOR and Subsidiaries, dated December 18, 1987. (Filed as Exhibit 10.14 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

10.16 Revised and amended Executive Deferred Compensation Plan for IOR and Subsidiaries, dated December 18, 1987. (Filed as Exhibit 10.15 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

10.17 Revised and amended Deferred Compensation Plan for Board of Directors of IOR and Subsidiaries, dated December 18, 1987. (Filed as Exhibit 10.16 to IPR's Annual Report on Form 10-K for the year ended December 31, 1987, Commission File No. 1-3567.)

10.18 Amended and Restated Agreement and Plan of Merger among Midwest Power Systems Inc., Iowa Public Service Company and Iowa Power Inc. (Filed as Annex A to Midwest Power Systems Inc.'s Registration Statement, Registration No. 33-42866)

(b) Reports on Form 8-K

No report on Form 8-K was filed during the last quarter of the year ended December 31, 1991.

MWR owns all of the common stock of IPR. IPR, therefore, sends no annual report or proxy material to the holders of its common stock.

Release date: May 1991

5 YEAR FINANCIAL FORECAST: 1991-1995

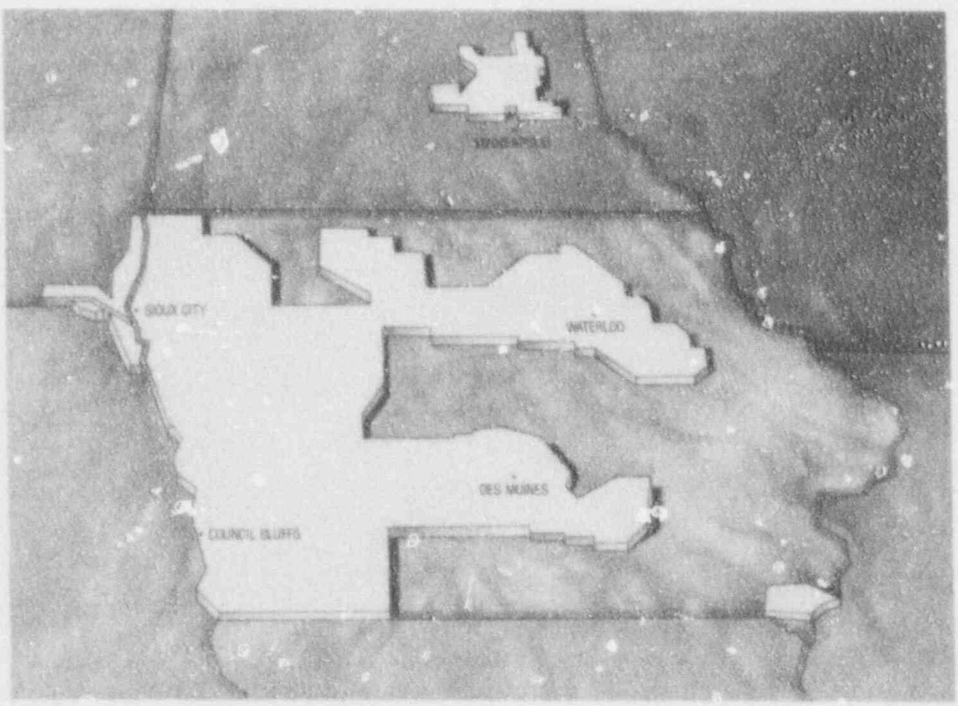
MIDWEST RESOURCES

Midwest Resources Inc. is a holding company with major interests in electric and natural gas utilities and additional holdings in diversified industries. The company is headquartered in Des Moines, Iowa.

Midwest Resources was formed by the merger of Iowa Resources Inc. of Des Moines and Midwest Energy Company of Sioux City on November 7, 1990.

The utility operations of Midwest Resources are carried out through Iowa Power Inc. and Iowa Public Service Company. Iowa Power provides electric service to 252,000 customers in central and southwest Iowa. Iowa Public Service provides electric service through IPS Electric to 157,000 customers in western and north central Iowa and southeastern South Dakota and gas service through Midwest Gas to 356,000 customers in Iowa, Minnesota, Nebraska and South Dakota. Major communities served in Iowa are Des Moines, Sioux City, Council Bluffs and Waterloo.

Midwest Resources operates its diversified holdings through Midwest Capital Group Inc. These businesses are involved in construction of electric lines and cogeneration facilities, telecommunications, real estate development, coal transportation and railcar leasing and management.



Midwest Resources and its subsidiaries have more than 3,200 employees. With 56,000 shareholders, Midwest Resources and its predecessor companies have paid dividends continuously since 1909 and have increased dividends in each of the last 30 years.

MIDWEST RESOURCES

MIDWEST POWER GROUP CONSOLIDATED

	Actual	Forecast					1991-1995
	1990	1991	1992	1993	1994	1995	Rate of Growth
Midwest Power Group-Electric (Note 1)							
Retail sales (Millions of kWh) (Note 3)	8,944	9,182	9,403	9,604	9,811	10,033	--
Annual sales growth rate	3.2%	2.7%	2.4%	2.1%	2.2%	2.3%	2.3%
Electric generating capability (MW)	2,783	2,815	2,815	2,815	2,815	2,815	0.0%
Capacity purchases	156	174	285	327	342	350	25.3%
Capacity sales	196	222	308	333	358	329	12.0%
Peak demand	2,274	2,287	2,298	2,314	2,333	2,353	0.7%
Percent reserve margin	20.6%	21.0%	21.5%	21.4%	20.0%	20.5%	--
Fuel sources for energy							
Coal	77%	77%	77%	77%	77%	77%	--
Nuclear (Note 2)	22%	22%	22%	22%	22%	22%	--
Oil/Gas	1%	1%	1%	1%	1%	1%	--
Total	100%	100%	100%	100%	100%	100%	
Midwest Gas (Note 1)							
Retail sales (mmcf) (Note 3)	58,948	64,577	66,260	66,886	67,477	67,917	1.3%
Transportation sales	9,688	9,507	10,232	10,341	10,392	10,503	2.6%
Annual retail sales growth rate	-11.2%	9.5%	2.6%	0.9%	0.9%	0.7%	--

Notes

(1) Midwest Power Group--Electric reflects the combined forecasts of the Iowa Power Inc. and Iowa Public Service Company electric operations. Midwest Gas is the natural gas division of Iowa Public Service Company.

(2) The company has a long-term power purchase contract with the Nebraska Public Power District for one-half the capacity of the Cooper Nuclear Station. The station went into service in 1974 and has generated significant amounts of energy for the company since that time.

(3) Legislation enacted in Iowa in 1990 requires electric and gas utilities to spend 2.0 percent and 1.5 percent, respectively, of their annual revenues on demand side management programs. The effectiveness and magnitude of such programs on projected sales is unknown and not reflected in this forecast.

MIDWEST POWER GROUP CONSOLIDATED (NOTE 1)

(Dollars in Millions)

	Actual 1990	FORECAST 1991	1992	1993	1994	1995	Total 1991-1995
Capital Requirements							
Capital expenditures	$ 120	$ 136	$ 137	$ 141	$ 149	$ 141	$ 704
Maturities and sinking funds	2	10	1	20	8	7	46
Total capital requirements	$ 122	$ 146	$ 138	$ 161	$ 157	$ 148	$ 750
Internal Sources of Capital							
Depreciation and amortization	$ 91	$ 96	$ 104	$ 108	$ 119	$ 123	$ 550
Deferred tax items-net	3	4	1	1	1	(1)	6
Other	(22)	(10)	1	(4)	(3)	6	(10)
Subtotal	$ 72	$ 90	$ 106	$ 105	$ 117	$ 128	$ 546
Percent of total capital requirements	59%	62%	77%	65%	75%	86%	73%
External Sources of Capital							
Long-term financing	$ 0	$ 10	$ 158	$ 25	$ 77	$ 29	$ 299
Short-term financing	50	46	(126)	31	(37)	(9)	(95)
Subtotal	$ 50	$ 56	$ 32	$ 56	$ 40	$ 20	$ 204
Percent of total capital requirements	41%	38%	23%	35%	25%	14%	27%
Total capital requirements	$ 122	$ 146	$ 138	$ 161	$ 157	$ 148	$ 750

Note

(1) Midwest Power Group Consolidated reflects the combined forecast results of Iowa Power Inc. and Iowa Public Service Company.

MIDWEST RESOURCES

MIDWEST RESOURCES INC. CONSOLIDATED

(Dollars in Millions)

	Actual 1990	Forecast 1991	1992	1993	1994	1995	Total 1991-1995
Capital Requirements							
Midwest Power Group	$ 120	$ 136	$ 137	$ 141	$ 149	$ 141	$ 704
Midwest Capital Group investments	32	15	7	7	3	3	35
Maturities and sinking funds	6	13	9	27	14	14	77
Total capital requirements	$ 158	$ 164	$ 153	$ 175	$ 166	$ 158	$ 816
Internal Sources of Capital							
Depreciation and amortization	$ 99	$ 102	$ 110	$ 114	$ 125	$ 129	$ 580
Deferred tax items-net	(1)	2	(4)	(11)	(13)	(4)	(30)
Other	(8)	18	18	16	14	13	79
Subtotal	$ 90	$ 122	$ 124	$ 119	$ 126	$ 138	$ 629
Percent of total capital requirements	57%	74%	81%	68%	76%	87%	77%
External Sources of Capital							
Long-term financing	$ —	$ 10	$ 158	$ 25	$ 77	$ 29	$ 299
Short-term financing	68	32	(129)	31	(37)	(9)	(112)
Subtotal	$ 68	$ 42	$ 29	$ 56	$ 40	$ 20	$ 187
Percent of total capital requirements	43%	26%	19%	32%	24%	13%	23%
Total capital requirements	$ 158	$ 164	$ 153	$ 175	$ 166	$ 158	$ 816
Capitalization Ratios (Year-end)							
Long-term debt	51%	50%	49%	48%	48%	47%	
Preferred stock	6%	6%	5%	5%	4%	4%	
Common equity	43%	44%	46%	47%	48%	49%	

- The number of electric customers will increase 1.1% annually through 1995; sales will increase 2.3% annually 1991-1995.

- The number of gas customers will increase .7% annually through 1995; sales will increase 1.3% annually 1991-1995.

- The combined peak demand of 2,274 MW during 1990 was 1 MW above the previous record combined peak set in 1988. Peak load growth of .7% is forecasted for 1991-1995.

- Rate increases reflected for the period 1991 through 1995 will be in the 2% to 3% range.

- The inflation rate for operations and maintenance, excluding fuel, is projected to average 4.5% per annum.

MIDWEST RESOURCES

	1990		1989		Percent Increase (Decrease)
Financial Highlights					
Revenues (000)	$	894,357	$	933,098	-4.2%
Net income (000)	$	62,299	$	90,8977	-31.4%
Return on average common equity		9.9%		14.6%	-31.8%
Earnings per average share	$	1.25	$	1.80	-30.6%
Common stock dividend rate at year-end	$	1.56	$	1.43	9.1%
Stock price range - (Note 1)					
Low	$	18.00	$	N/A	N/A
High	$	19.25	$	N/A	N/A
Average shares outstanding (000)		50,019		50,336	-0.7%
Total assets (000)	$	2,340,336	$	2,307,305	1.4%
Capital expenditures (000)	$	155,459	$	145,291	7.0%
Utility Operations					
Revenues (000)	$	847,166	$	868,350	-2.4%
Retail electric sales - millions of kWh		8,944		8,701	2.8%
Total electric sales - millions of kWh		10,932		10,543	3.7%
Average annual residential use - kWh		8,368		8,396	-0.3%
Average annual residential revenue per kWh		8.40		7.00	5.1%
Electric peak load - megawatts		2,274		2,210	2.9%
Retail gas sales - thousands of mcf		58,948		66,394	-11.2%
Transportation gas sales - thousands of mcf		9,688		12,844	-24.6%
Average annual use per residential customer - mcf		100		112	-10.7%
Average annual revenue per customer - gas		503		547	-8.0%
Cooling degree days (normal - 912)		892		946	3.8%
Heating degree days (normal - 7,268)		6,439		7,420	-13.2%

Note

(1) Midwest Resources Inc. was formed by the merger of Iowa Resources Inc. and Midwest Energy Co. on November 7, 1990. Stock price information is not available for periods prior to the merger.

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MIDWEST RESOURCES

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