

November 2, 2005

NG-05-0611
10 CFR 50.80
10 CFR 50.90
10 CFR 72.210

Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Duane Arnold Energy Center
Docket Nos. 50-331 and 72-32
License No. DPR-49

Subject: Response to Staff Request for Additional Information re: Application for Order and Conforming Amendments for License Transfer (TAC No. MC8026)

Reference: Letter, G. Van Middlesworth (NMC) and J.A. Stall (FPLE) to USNRC, "Application for Order and Conforming Amendments for License Transfer," NG-05-0419, August 1, 2005.

In the referenced application, Nuclear Management Company, LLC ("NMC"), Interstate Power and Light Company ("IPL"), and FPL Energy Duane Arnold, LLC ("FPLE Duane Arnold") (collectively, "the parties"), submitted an application to the Nuclear Regulatory Commission ("NRC") for an order and conforming amendments consenting to the transfer of Facility Operating License No. DPR-49 (the "License") for Duane Arnold Energy Center ("DAEC").

On October 20, 2005, the NRC staff ("Staff") transmitted by facsimile to the parties, a set of questions regarding this application. Conference calls were subsequently held between the parties and Staff to clarify this request for additional information (RAI). As a result of those calls, Question # 4 was revised and an additional request (Question #7) was added. The Attachment to this letter contains the Staff's RAI and the responses thereto by the parties. NMC is transmitting these responses on behalf of IPL and FPLE Duane Arnold, who prepared the information, as indicated in the individual response to each question. Affirmation by FPLE Duane Arnold is included with the Attachment. Affirmation by IPL was deemed to not be necessary, given the purely informational nature of their responses.

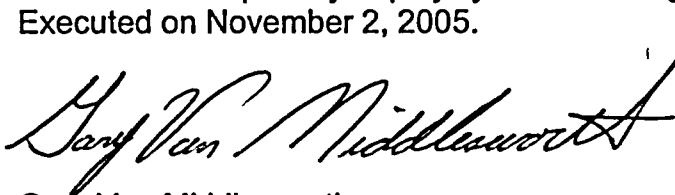
The Responses to Question 6.a and 6.b contain confidential information proprietary to FPLE Duane Arnold. Proprietary Responses to Questions 6.a and 6.b will be submitted directly from FPLE Duane Arnold with a request that they be withheld from public disclosure pursuant to 10 CFR 2.390 on the basis that they contain confidential commercial and financial information.

In addition, a correction to the funding amount specified in Enclosure 9 in the original application (Form of Support Agreement between FPL Group Capital Inc and FPL Energy Duane Arnold) has been found to be necessary. As noted in the Response to Question 2, a revised form with the corrected funding amount is enclosed.

This letter contains no new commitments and no revisions to existing commitments.

Further questions regarding this matter should be directed to counsel for the parties, as listed in the original application.

I declare under penalty of perjury that the foregoing is true and correct.
Executed on November 2, 2005.

A handwritten signature in black ink, reading "Gary Van Middlesworth". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gary Van Middlesworth
Site Vice President, Duane Arnold Energy Center
Nuclear Management Company, LLC

Attachment

cc: Administrator, Region III, USNRC
Project Manager, Duane Arnold Energy Center, USNRC
Resident Inspector, Duane Arnold Energy Center, USNRC
Director, Spent Fuel Project Office
State of Iowa - D. McGhee

Response to NRC Request for Additional Information
Re: Application for Order and Conforming Amendments
for License Transfer (TAC No. MC8026)

1. In accordance with 10 CFR 50.33(d)(3), provide the following information for each of the parent organizations, including intermediary organizations of FPLE Duane Arnold, LLC (ESI, FPL Energy, FPL Group Capital, and FPL Group): (i) the state where it is incorporated or organized and the principal location where it does business; (ii) the names, addresses and citizenship of its directors and of its principal officers; and (iii) whether it is owned, controlled or dominated by an alien, a foreign corporation, or foreign government, and if so, give details.

FPLE Duane Arnold Response:

The requested information on these companies is attached.

**FPLE Duane Arnold Response to Question #1
Information on Parent and Intermediary Organizations**

FPL Group, Inc.

State of Incorporation: Florida

Principal Place of Business: 700 Universe Blvd, Juno Beach, FL 33408

Directors:

H. Jesse Arnelle
Sherry S. Barrat
Robert M. Beall, II
J. Hyatt Brown
James L. Camaren
J. Brian Ferguson

Lewis Hay, III
Rudy E. Schupp
Michael H. Thaman
Hansel E. Tookes II
Paul R. Tregurtha
Frank G. Zarb

Officers:

Lewis Hay, III	President, Chief Executive Officer, and Chairman of the Board
Alissa E. Ballot	Vice President & Corporate Secretary
Moray P. Dewhurst	Vice President, Finance and Chief Financial Officer
Robert H. Escoto	Vice President, Human Resources
Maria V. Fogarty	Vice President, Internal Audit
James P. Higgins	Vice President, Tax
Mary Lou Kromer	Vice President, Corporate Communications
Robert L. McGrath	Vice President, Engineering, Construction & Corporate Services
James L. Robo	Vice President, Corporate Development and Strategy
Edward F. Tancer	Vice President & General Counsel
Paul I. Cutler	Treasurer
K. Michael Davis	Controller and Chief Accounting Officer

The business address for each of these officers and directors is 700 Universe Blvd, Juno Beach, FL 33408. All of the officers and directors are citizens of the United States.

FPL Group is not owned, controlled or dominated by an alien, a foreign corporation, or a foreign government.

**FPLE Duane Arnold Response to Question #1
Information on Parent and Intermediary Organizations**

FPL Group Capital Inc.

State of Incorporation: Florida

Principal Place of Business: 700 Universe Blvd, Juno Beach, FL 33408

Directors:

Paul I. Cutler
Moray P. Dewhurst
Lewis Hay, III

Officers:

Lewis Hay, III	President and Chief Executive Officer
Moray P. Dewhurst	Senior Vice President, Finance and Chief Financial Officer
Paul I. Cutler	Vice President
James P. Higgins	Vice President
James L. Robo	Vice President
Paul I. Cutler	Treasurer
K. Michael Davis	Controller and Chief Accounting Officer
Edward F. Tancer	Secretary

The business address for each of these officers and directors is 700 Universe Blvd, Juno Beach, FL 33408. All of the officers and directors are citizens of the United States.

FPL Group Capital Inc. is not owned, controlled or dominated by an alien, a foreign corporation, or a foreign government.

**FPLE Duane Arnold Response to Question #1
Information on Parent and Intermediary Organizations**

FPL Energy, LLC

State of Incorporation: Delaware

Principal Place of Business: 700 Universe Blvd, Juno Beach, FL 33408

Directors:

None

Officers:

Michael O'Sullivan	Senior Vice President
Lewis Hay, III	Chief Executive Officer
James L. Robo	President
Scott D. Cousins	Vice President & General Counsel
Michael L. Leighton	Senior Vice President and Chief Operating Officer
F. Mitchell Davidson	Senior Vice President, Business Management
Robert H. Escoto	Vice President, Human Resources
Robert L. McGrath	Vice President
Mark R. Sorensen	Vice President, Finance, and Chief Financial Officer
Paul I. Cutler	Treasurer
Scott D. Cousins	Secretary

The business address for each of these officers is 700 Universe Blvd, Juno Beach, FL 33408. All of the officers are citizens of the United States.

FPL Energy, LLC is not owned, controlled or dominated by an alien, a foreign corporation, or a foreign government.

**FPLE Duane Arnold Response to Question #1
Information on Parent and Intermediary Organizations**

ESI Energy, LLC

State of Incorporation: Delaware

Principal Place of Business: 700 Universe Blvd, Juno Beach, FL 33408

Directors:

None

Officers:

James L. Robo	President
F. Mitchell Davidson	Vice President
Dean R. Gosselin	Vice President
James A. Keener	Vice President, Operations
Michael L. Leighton	Vice President, Business Management
Charles J. Muoio	Vice President
Michael O'Sullivan	Vice President
Mark R. Sorensen	Vice President, Finance, and Chief Financial Officer
Paul I. Cutler	Treasurer
Charles S. Schultz	Secretary

The business address for each of these officers is 700 Universe Blvd, Juno Beach, FL 33408. All of the officers are citizens of the United States.

ESI Energy, LLC is not owned, controlled or dominated by an alien, a foreign corporation, or a foreign government.

Response to NRC Request for Additional Information

2. Provide information that FPLE Duane Arnold, LLC will have cash or cash equivalents that would be sufficient to pay fixed operating costs during an outage of at least 6 months.

FPLE Duane Arnold Response:

The amount of the support agreement is derived as follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Projected Fixed Operating Costs (\$000)</u>					
O&M	72,527	74,580	76,810	80,155	81,354
Property Tax	3,627	3,643	3,655	3,759	3,776
Insurance	3,260	3,342	3,425	3,511	3,599
Non-Fuel Capital Expenditure	15,419	16,179	13,191	20,038	13,708
Total	94,833	97,744	97,081	107,463	102,436

5-Yr Nominal Six-Month Average

49,956

As discussed in the license transfer application, FPL Capital Group, Inc. is providing a support agreement. This support agreement is intended to provide FPLE Duane Arnold, LLC with cash equivalents that would be sufficient to pay fixed operating costs during a six-month outage.

In preparing the response to this question, FPLE Energy Duane Arnold identified an error in the amount of the support agreement stated in the license transfer application. The amount of the support agreement should be \$50 million. A revised form of the support agreement in this amount is provided in Enclosure 1.

3. (a) What has been the average capacity factor for the plant for each of the last five years, and (b) what capacity factor is used in the income projections for 2006-2010?

IPL Response to 3(a):

Year	Capacity Factor
2000	94.92%
2001	81.80%
2002	90.21%
2003	78.61%
2004	96.56%

FPLE Duane Arnold Response to 3(b):

The income projections assumed a 90% capacity factor.

Response to NRC Request for Additional Information

4. What has been IPL's income from energy generation for the last three years?

IPL Response:

IPL derives income from DAEC by its inclusion in IPL's rate base. It is possible to derive a theoretical net income that IPL derives from the inclusion of DAEC in the rate base. This "theoretical" net income is as follows:

Year	Net Income (after tax)
2002	\$11.3 Million
2003	\$12.1 Million
2004	\$10.8 Million

This assumes allowed return on equity of 11%, and allowed return on preferred equity of 8.4%, and assumes that DAEC's cap structure is comprised of 50.25% common equity and 7.985% preferred equity.

IPL's revenue requirement for DAEC in 2004 was approximately \$121 million based on a 2003 test year. Please note that this excludes fuel costs, since fuel costs are a direct pass through to IPL's customers via an Energy Adjustment Clause. The fuel cost in 2004 was approximately \$20 million. Therefore, IPL's total revenue associated with DAEC was 2004 is approximately \$141 million.

5. What was the average price of energy sold by generators in the Duane Arnold market area for 2003, 2004, and 2005?

IPL Response:

Historic Electric Prices from the Northern Illinois Hub (\$/MW hour):

	On Peak	Off- Peak	RTC Ave
2003	37.22	16.83	26.29
2004	42.26	25.32	33.18
2005	59.08	31.77	44.44

RTC = Round the Clock

Response to NRC Request for Additional Information

6. For the Projected Income Statement:

- a. Provide sensitivity analyses on operating revenue for a 10% reduction in payments received from FPL Group (if applicable) and a 10% decrease in generating capacity,
- b. Explain the derivation of operating revenue.
- c. Provide a brief description of what is included in "Spent Fuel Expense" and Nuclear Fuel Amortization" under Operating Expense.

FPLE Duane Arnold Response:

- a. [[FPLE Duane Arnold Proprietary Information. Submitted under separate cover directly by FPLE Duane Arnold.]]
- b. [[FPLE Duane Arnold Proprietary Information. Submitted under separate cover directly by FPLE Duane Arnold.]]
- c. Spent fuel expense represents the cost paid to the Department of Energy for disposal of nuclear fuel waste. The assumed cost is 0.094 cents per kwh. Spent fuel expense does not include any storage or decommissioning expenses.

Nuclear fuel amortization is the GAAP amortization of the purchased fuel over its useful life. FPLE Duane Arnold uses the units-of-production method for GAAP fuel amortization.

7. Please provide a copy of the Operating Agreements between the co-owners.

FPLE Duane Arnold Response:

The Duane Arnold Energy Center Ownership Participation Agreement and the Duane Arnold Energy Center Operating Agreement are provided as Enclosure 2. These agreements will be assigned to and assumed by FPLE Duane Arnold without change at the time of closing.

In the Matter of)	
Duane Arnold Energy Center)	Docket Nos. 50-331
)	72-32


I, J. A. Stall, being duly sworn, hereby depose and state that I am Senior Vice President, Nuclear and Chief Nuclear Officer of FPL Energy Duane Arnold, LLC, that I am duly authorized to file with the Nuclear Regulatory Commission the attached Response to NRC Request for Additional Information and revised Form of Support Agreement between FPL Group Capital Inc and FPL Energy Duane Arnold; that I am familiar with the content thereof; and that the matters set forth therein pertaining to FPLE Duane Arnold are true and correct to the best of my knowledge and belief.

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STATE OF IOWA)
COUNTY OF POLK)

Subscribed and sworn to before me, a Notary Public in the State of Iowa, this 15th day of November 2005.





Notary Public in and for the State of Iowa

Enclosure 1

Form of
Support Agreement between FPL Group Capital Inc and
FPL Energy Duane Arnold (Revised)

**SUPPORT AGREEMENT BETWEEN
FPL GROUP CAPITAL INC AND
FPL ENERGY DUANE ARNOLD, LLC**

THIS SUPPORT AGREEMENT, dated as of [_____, 2005] between FPL Group Capital Inc, a Florida corporation ("FPL"), and FPL Energy Duane Arnold, LLC, a Delaware limited liability company (the "Subsidiary").

W I T N E S S E T H:

WHEREAS, FPL is the indirect owner of 100% of the outstanding shares of the Subsidiary; and

WHEREAS, the Subsidiary intends to purchase certain assets located at the Duane Arnold Energy Center in Palo, Iowa (the "Facility") pursuant to an Asset Sale Agreement dated July 2, 2005, by and among the Subsidiary and Interstate Power & Light Company ("Seller"); and

WHEREAS, FPL and the Subsidiary desire to take certain actions to ensure the Subsidiary's ability to pay the expenses of operating and maintaining the Facility safely and protecting the public health and safety (the "Operating Expenses"), and to meet U.S. Nuclear Regulatory Commission ("NRC") requirements during the operating life of the Facility (the "NRC Requirements").

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto agree as follows:

1. *Availability of Funding.* From time to time, upon request of the Subsidiary, FPL shall provide or cause to be provided to the Subsidiary such funds as the Subsidiary determines to be necessary to pay the Operating Expenses and meet the NRC Requirements; provided, however, in no event shall the aggregate amount which FPL is obligated to provide under this Agreement exceed \$50 million.
2. *No Guarantee.* This Support Agreement is not, and nothing herein contained, and no action taken pursuant hereto by FPL shall be construed as, or deemed to constitute, a direct or indirect guarantee by FPL to any person of the payment of the Operating Expenses or of any liability or obligation of any kind or character whatsoever of the Subsidiary or of any affiliate of the Subsidiary. This Agreement may, however, be relied upon by the NRC in determining the financial qualifications of the Subsidiary to hold an operating license for the Facility.
3. *Waivers.* FPL hereby waives any failure or delay on the part of the Subsidiary in asserting or enforcing any of its rights or in making any claims or demands hereunder.
4. *Amendments and Termination.* This Agreement may not be amended or modified at any time without thirty (30) days prior written notice to the NRC. This Agreement shall terminate at such time as FPL is no longer the direct or indirect owner of the

Facility. This Agreement shall also terminate at such time as the Facility permanently ceases commercial operations.

5. *Successors.* This Agreement shall be binding upon the parties hereto and their respective successors and assigns.
6. *Third Parties.* Except as expressly provided in Section 4 with respect to the NRC, this Agreement is not intended for the benefit of any person other than the parties hereto, and shall not confer or be deemed to confer upon any other such person any benefits, rights or remedies hereunder.
7. *Governing Law.* This Agreement shall be governed by the laws of the State of Florida without giving effect to any choice or conflict-of-law provision or rule (whether of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

FPL GROUP CAPITAL INC

By: _____
Name: _____
Title: _____

FPL ENERGY DUANE ARNOLD, LLC

By: _____
Name: _____
Title: _____

Enclosure 2

Duane Arnold Energy Center
Ownership Participation Agreement and Operating Agreement between
Iowa Electric Light & Power Co. (now IPL) and Co-Owners
(Central Iowa Power Cooperative & Corn Belt Power Cooperative)

DUANE ARNOLD ENERGY CENTER

OPERATING AGREEMENT

THIS AGREEMENT entered into this 1st day of June, 1970, between IOWA ELECTRIC LIGHT AND POWER COMPANY, an Iowa corporation, hereinafter called "Company", CENTRAL IOWA POWER COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Cipco", and CORN BELT POWER COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Corn Belt" (each of which is sometimes herein referred to as "Party" and collectively as "Parties"), WITNESSETH:

ARTICLE I

Recitals

Section 1.1 Each of the Parties is a public utility engaged in the generation, transmission and distribution of electric power and energy in the State of Iowa.

Section 1.2 The Parties have heretofore entered into an agreement entitled DUANE ARNOLD ENERGY CENTER OWNERSHIP PARTICIPATION AGREEMENT ("Ownership Agreement"), dated as of June 1, 1970, providing for investment in, and construction and joint ownership of, a 550 MWe nominally rated nuclear generating station to be known as the Duane Arnold Energy Center, to be located near Palo in Linn County, Iowa, therein identified. The generating station property and facilities to be jointly owned are referred to in the Ownership Agreement by the term "Project", which term shall have the same meaning in this Agreement as in the Ownership Agreement.

Section 1.3 As set forth in the Ownership Agreement,

Company, Cipco and Corn Belt have undivided interests in the Project of 80%, 10% and 10%, respectively, and the costs thereof are to be shared generally in the same proportions. This Operating Agreement provides for sole responsibility for management and operation of the Project by Company as predominant owner in all respects not covered by the Ownership Agreement and for the use of power from the Project and the sharing of the costs thereof by the Parties in accordance with their respective interests, recognizing, however, that Cipco and Corn Belt will each be entitled to 10% of the capability of the unit now scheduled for installation.

ARTICLE II

General Obligations and Rights of Parties

Section 2.1 Company, having sole responsibility for management and operation of the Project, will operate and maintain the Project, taking all steps which it deems necessary or appropriate for that purpose and to carry out the intent of this Agreement, as described and defined in Sections 1.4 and 2.5 of the Ownership Participation Agreement, and including, but not limited to the following: (a) manning of the Project with its own supervisory and other employees; (b) making and modifying contracts with third parties, other than such employees; (c) maintaining the Project in accordance with industry-wide practices, and governmental requirements; (d) providing and replacing fuel; (e) providing and replacing spare parts, materials, supplies and equipment used in operation of the Project; (f) securing and keeping in effect all necessary licenses and other governmental authorizations; (g) maintaining records required by governmental

authority and necessary properly to account for capital costs and for operation and maintenance expenses of the Project and ~~preparing and filing reports~~ to such governmental agencies as may be required of the Company by appropriate authority; and (h) ~~procuring and maintaining such liability and property insurance~~ for the reasonable protection of the Parties as their interests may appear, as may be required by law, or as otherwise deemed by Company to be desirable.

To the extent that participation of Cipco and Corn Belt in any of such activities is necessary or appropriate, Cipco and ~~Corn Belt~~ irrevocably authorize Company to act as their agent to ~~the extent of their respective 10% interests~~ in the Project, provided, however, that all personnel employed for the operation of the Project shall be exclusively the employees of Company.

Section 2.2 Cipco and Corn Belt will cooperate with Company in all activities in connection with the Project, including, without limitation, the filing of applications for authorizations, permits and licenses and the execution of such other documents as may be reasonably necessary to confirm authority of Company to act for Cipco and Corn Belt and the assumption by Cipco and Corn Belt of their proportionate share of the obligations to be insured hereunder; but, except at the written request of Company, neither Cipco nor Corn Belt shall incur any obligation in connection with the Project which would or might obligate Company to any third party.

Section 2.3 The Participants Committee, established in accordance with Section 1.6 of the Ownership Agreement, shall serve to inform the Parties of all matters involved in the

operation of the Project. Company shall keep the Participants Committee fully informed as to the operation and maintenance of the Project and the plans of Company with respect thereto, but no failure of Company to provide information pursuant to the provisions of this Section 2.3 shall release Cipco or Corn Belt from any obligations hereunder. The Participants Committee, in addition to informing the Parties as to operating matters, shall seek to develop and present constructive suggestions and develop mutually advantageous programs to realize the maximum efficiency and benefit from the operation of the Project. No action of such Committee, however, shall diminish in any manner the sole responsibility for operation and management by Company of the Project.

Section 2.4 If, during the term of this Agreement, Company shall shut down or cease to operate this Project for any reason within the control of Company, other than normal and temporary operating procedures, then and in such event Company will make available to Cipco and Corn Belt capacity and energy equal to the amount thereof previously available to Cipco and Corn Belt from the Project, on terms and conditions identical to the terms and conditions Company then experiences in replacing the capacity and energy Company had previously received from this Project, but not to exceed the costs that would be incurred if the Project was continued in operation. Cessation of operation of the Project for reasons beyond the control of Company or by agreement of all Parties shall not incur any obligation for replacement of capacity and energy under this section.

ARTICLE III

General Financial Obligations of the Parties

Section 3.1 Sharing of costs - General. Except as otherwise provided in Article IV, Company, Cipco and Corn Belt, respectively, shall be responsible for 80%, 10% and 10% of all costs, obligations and liabilities incurred by Company in carrying out the provisions of Section 2.1, regardless of the time when disbursements in connection therewith must be made.

It is the absolute intent of the Parties to share all costs, obligations and liabilities incurred in connection with the Project, and not otherwise expressly provided for, in the proportions set forth above, and in the event of any doubt whether responsibility for a particular cost, obligation or liability is provided for in this Agreement, such cost, obligation or liability shall be so shared.

Operating costs are defined as expenses incurred and accrued by the Company for the project described in Section 2.1 for all items and recorded in accordance with the Operating Expense Instructions and in appropriate accounts as set forth in the Federal Power Commission Uniform System of Accounts prescribed for Public Utilities and Licensees (Class A and Class B), except fuel which is covered in Article IV.

Section 3.2 Special Requirements of Parties.

(a) If pursuant to Section 2.4 and/or 2.12 of the Ownership Agreement, additions to or enlargements of a Party, any additional expenses incurred by reason of such additions or enlargements shall be borne by the Party whose requirements occasioned them.

(b) If pursuant to the provisions of Section 2.4 of the Ownership Agreement any Party installs property which is not a part of the Project, on Land (as defined in the Ownership Agreement) of the Project, all cost of operation of the Project by reason of such installation shall be borne by the Party making the same.

Section 3.3 Costs of Participants Committee. Each Party will individually pay and bear all costs for its own representative on the Participants Committee. In the event the Participants Committee shall by unanimous decision authorize extraordinary studies relating to the Project, the cost of such studies shall be paid in equal shares by the Parties unless otherwise determined by unanimous decision of the Participants Committee.

Section 3.4 Payment and Settlement of Costs.

(a) Company shall be responsible for making arrangements for the payment of all costs of operation, maintenance and operator training expenses incurred hereunder in connection with the Project, whether by Company or, pursuant to the request of Company, by either Cipco or Corn Belt.

(b) Company will provide the Participants Committee with the best estimate reasonably available as to anticipated operation and maintenance expenses of the Project. Such estimate shall be prepared and furnished to each member of the Participants Committee at least fifteen days prior to the end of each calendar quarter, showing such anticipated expenses by calendar quarter

for the next succeeding four calendar quarters.

(c) Company will, on or before the 15th day of each month, notify Cipco and Corn Belt of the nature and amount of such expenses made by Company during the prior calendar month. Cipco and Corn Belt each will make payment to the Company of its respective share of such expenses within fifteen days of the receipt of such notice. Billings for operating expenses shall show charges (and credits, if any) by account number as given in the applicable Uniform System of Accounts.

(d) Any payment made pursuant to the foregoing subsections shall not constitute a waiver of any right of either Cipco or Corn Belt to question or contest the correctness of the charge by Company, but no payment by Cipco or Corn Belt to Company shall be delayed because of a question or contest as to the correctness of any charge by Company.

(e) Any member of the Participants Committee may question or object to any billing of operating and maintenance expenses by Company within a period of thirty (30) days after payment therefor has been made. Objection or question may be made after such thirty (30) day period only in the event that the basis for such question or objection would not have been known or discovered by reasonable diligence; but in no case to exceed ninety (90) days after such discovery.

(f) The Parties recognize that to the extent Company regularly provides for its reimbursement by

monthly billing to Cipco and Corn Belt, Company will be making cash outlays in advance of reimbursement and Company may, therefore, call upon Cipco and Corn Belt to provide to Company an amount equal to estimated average expenses for a normal forty-five (45) day period for the account of Cipco and Corn Belt. Any amount so provided by Cipco and Corn Belt to Company shall be adjusted from time to time to conform with changes in such estimated expenses. Upon retirement any amount not accounted for will be returned to Cipco and Corn Belt.

ARTICLE IV

Distribution of Fuel Costs

Section 4.1 Each Party shall separately pay for all costs of nuclear fuel attributable to the ownership of the Project. Company will pay 80% and Cipco and Corn Belt will each pay 10% of the purchase and replacement costs of such fuel.

Section 4.2 Company shall each six months separately calculate the fuel costs for the net energy output of the Project and allocate to each participant fuel costs corresponding to the percentage of the net energy output of the Project to be delivered to each such Party for the next succeeding six months. Such calculation shall exclude and disregard any cost element for interest on fuel investment, and each Party shall separately and individually bear any such cost for interest on its own fuel investment.

Section 4.3 Unless otherwise agreed by the parties hereto, all costs, obligations, liabilities, credits and recoveries incurred or realized with respect to any fuel assembly after

its discharge from the Project reactor shall be shared in proportion to the respective ownership and usage of the Parties in such fuel assembly. Any such costs, obligations, liabilities, credits and recoveries incurred or realized with respect to ownership shall be shared in the same proportion as the ownership interests of the parties and any credits and recoveries incurred or realized with respect to usage shall be shared in the same proportion as the usage of the parties.

Section 4.4 Corrections. Unless the Parties have agreed that final settlement upon an estimated basis shall be made, whenever any charge or credit computed under Sections 4.1, 4.2 or 4.3 is based upon an estimate, and data subsequently available (upon discharge of fuel assemblies from the Project reactor, the reprocessing of such assemblies or otherwise) makes the correction of such estimate possible, such charge or credit shall be recomputed to reflect the result of the correction.

Section 4.5 Settlements. Settlement for all charges and credits under this Article shall be promptly made and shall be effected by additions to or credits against the payment to be made by Cipco and Corn Belt under Section 3.4 above. In the event a net credit to either Cipco or Corn Belt in any month, Company i promptly pay the amount thereof to Cipco or Corn Belt.

Section 4.6 Future Changes.

(a) The Parties recognize that the foregoing provisions of this Article for the distribution of fuel costs in accordance with the Parties' share of the net energy output of the station may not equitably distribute total fuel costs if, at any time after the Project

is in operation, the Parties' shares of the net energy output of the Project were consistently disproportionate to their ownership interests, since in such case, the burden of carrying charges on fuel would, under the provisions of the Ownership Agreement, fall upon the Parties in proportion to such ownership interests. The Parties agree that should an inequity arise for this reason, they will make appropriate arrangements to change the proportionate investment in nuclear fuel, or make such other modifications in the Ownership Agreement or this Agreement as are necessary to distribute equitably the burden of such carrying charges.

(b) The Parties further recognize that the provisions for the distribution of fuel costs are based on fuel technology and methods of ownership currently envisaged and accounting practices now in effect, and that, should radical changes occur, the foregoing provisions might not equitably distribute such fuel costs. In such event, the Parties agree to make such modifications in this Agreement or in the Ownership Agreement as are necessary to distribute costs and credits in such a way as to have the same economic result as if Cipco and Corn Belt owned their respective fuel subject to all the ownership burdens associated therewith.

In the event the fuel assembly including both the initial and subsequent fuel assemblies are leased, financed or acquired and used in any manner other than ownership by the respective parties, each participant shall

be responsible for providing either the capital for ownership or the cost involved or incurred for the proportionate interest of each such party in such fuel assembly or assemblies. Each party, at its option, may furnish the capital required for its proportion of such fuel assembly or assemblies, and in such event shall not be subject to other lease, finance or other alternative cost. Any such lease or other financing arrangement or agreement relating to such fuel assembly or assemblies that will affect Cipco or Corn Belt shall require the written authorization of such parties, notwithstanding the provisions of Section 2.1 of this Agreement.

(c) This Section 4.6 is recognized as a statement of intent that is not subject to arbitration under the provisions of Article VIII hereof.

ARTICLE V

Availability of Power and Energy

Section 5.1 Sharing Power and Energy. Company, Cipco and Corn Belt shall each respectively be entitled to call on 80%, 10% and 10% of the power and energy available from the Project.

Section 5.2 Scheduling and Dispatching. Company shall be responsible for the hourly scheduling and dispatching of power available from the Project to give effect to the provisions of this Agreement. Such scheduling and dispatching shall be developed on the following procedure:

(a) Annual Load Plan. Each Party shall, on or before October 1 of each year, notify each of

the other Parties of its annual load plan for the next calendar year. Each such annual load plan shall include estimates of the energy requirements of Parties' system by months.

(b) Monthly Load Plan. Each Party shall, on or before the 20th day of each month, notify the Company of the planned dispatch of such Party for the next month. Such monthly load plan shall include any variations from the annual load plan of such Parties.

(c) Daily Variations. The daily dispatching of the power available from the Project shall be adjusted to reasonably respond to the conditions on the systems of the Parties, subject to reasonable dispatching procedures and limitations of the Project.

(d) Maintenance and Refueling Outages. Company shall schedule maintenance outage and refueling of the generating unit in the Project with due regard to the system requirements of all Parties (i.e., of the Iowa Pool, MAAP, AEC, etc.) and shall notify the other Parties as soon as possible of such schedule. Company will on request, act as agent for the other Parties and will make reasonable effort to secure replacement power and energy for periods during which the Project is not operating.

Section 5.3 Transactions with Other Systems. Each Party is entitled to dispose of its proportionate share of the power and energy of the Project through scheduled transactions.

Section 5.4 Excess Power and Energy. If any of the

Parties has power and/or energy available on an hour-to-hour basis within its proportionate share in excess of its requirements, such excess shall be disposed of by Company at its discretion, in the best interest of total Project operations, and any proceeds therefrom shall be equitably allocated to each Party herein in proportion to the interest of each Party in such excess power and/or energy.

Section 5.5 Combined System Dispatch. The Parties contemplate establishment of an economical dispatch plan for their combined systems at a future date. Such combined system dispatch plan, when approved by all Parties, will be made the subject of an agreement and this Agreement shall be then so appropriately amended.

ARTICLE VI

Access to Project by Parties

Section 6.1 Observation. Authorized representatives of Cipco, Corn Belt and R.E.A. will be permitted at reasonable times and in accordance with limitations of licenses and other regulatory authority, to visit the Project to observe operation and maintenance, including refueling activities being performed by Company, and to examine and copy all records and papers maintained by Company with respect to the ownership, operation and maintenance of the Project. None of the rights provided in this section shall be exercised in such a way as, in the judgment of Company, would unduly interfere with the operation of the Project.

Section 6.2 Indemnity. Cipco and Corn Belt shall indemnify Company and hold it harmless against any claim for personal injury or death made by any employee or other representa-

tive of Cipco or Corn Belt which may be based upon or arises out of the presence of such representative at the site of the Project, unless such claim arises out of the negligence of Company or any of its employees or agents.

Section 6.3 Plant Tours. Upon prior approval of Company, Cipco and Corn Belt may conduct plant tours and visits at the Project, subject to the rules and regulations of regulatory authorities.

ARTICLE VII

Assignment and Termination

Section 7.1 Limitation on Assignability. If, pursuant to the Ownership Agreement, any Party makes a sale, transfer or assignment of its interest in the Project (other than for purposes of security only) such Party shall also assign, and shall cause the transferee to assume the rights and obligations of such Party hereunder. No assignment of this Agreement shall be made except in connection with a sale, transfer or assignment (other than for purposes of security only) of the assignor's interest in the Project pursuant to the Ownership Agreement.

Section 7.2 Term. This Agreement shall terminate upon, but only upon, the termination of the Ownership Agreement or upon regulatory authority, provided that termination shall not discharge any Party of any obligation it owes to any other Party as a result of any transaction or event occurring prior to such termination. In the event of termination of this Agreement, Company shall retain such powers hereunder as shall be necessary in connection with the disposition of the property included in the Project at the time of such termination, and the rights and obliga-

actions of the Parties hereunder shall continue with respect to any action taken hereunder in connection with such disposition, and for all necessary expenses incurred in connection with such disposition.

ARTICLE. VIII

Arbitration

Section 8.1 Controversies Subject to Arbitration. Any controversy, claim, counterclaim or dispute arising out of or relating to this Agreement or any breach thereof, shall be submitted to arbitration upon the request of either Company, Cipco or Corn Belt in the manner provided herein.

Section 8.2 Notice of Arbitration. The Party submitting a request for arbitration shall serve notice upon the other Party setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to the controversy, claim, counterclaim or dispute involved and the Party's contention with respect to the correct resolution thereof.

Section 8.3 Selection of Arbitrator. If the request for arbitration involves in whole or in part a matter of accounting, the sole arbitrator with respect to the accounting matter shall be a firm of Certified Public Accountants mutually agreed upon. With respect to any other question, the Parties shall endeavor to agree upon and appoint within fifteen (15) days of the date of a request for arbitration, one person to act as sole arbitrator. If the Parties fail to agree upon such sole arbitrator within fifteen (15) days, they shall, and either of them may, within the five (5) days thereafter, request the Chief Judge

of the United States Court of Appeals for the Eighth Circuit to appoint an arbitrator. If the Chief Judge does not appoint an arbitrator within thirty (30) days of the date of the request for arbitration, the Parties shall, and any one of them may, within the next ten (10) days thereafter, request the American Arbitration Association to appoint the arbitrator pursuant to its then existing rules.

Section 8.4 Conduct of Arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect, to the full extent that such rules are not inconsistent with Iowa law.

Section 8.5 Scope of Arbitration. The Parties agree that any arbitrator serving hereunder shall give full force and effect to all of the provisions of this Agreement.

Section 8.6 Findings and Award. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as the same may be modified, corrected or vacated in accordance with the Iowa statute then in effect governing arbitration.

Section 8.7 Costs. The costs of arbitration shall be paid by the instigator of the arbitration.

ARTICLE IX

Liability and Insurance

Section 9.1 Limitation of Liability. No Party shall be liable to any other Party for any loss, cost, damage or expense incurred by any other Party as a result of any action or failure to act by such Party in connection with this Agreement, excepting only (a) any Party shall be liable to any other Party or Parties.

injured for any action not taken in good faith or any action in breach of this or any other Agreement between the Parties, and (b) if, by reason of any joint liability, any Party shall be called upon to make any payment or incur any obligation in excess of the proportionate interest of such Party in the Project, the other Parties shall indemnify and reimburse such Party to the extent of their proportionate interests in such excess.

Section 9.2 Insurance. Company, during the period of operation of the Project, shall carry in the name of Company, Cipco and Corn Belt, as their interests appear as aforesaid, insurance covering workmen's compensation, general public liability, nuclear property and nuclear liability insurance, in such amounts and with such deductible or self-insurance features as may be determined by the Participants Committee.

In accordance with regulations of the Atomic Energy Commission, before fissionable material shall be delivered to the site of the Project, Company will have in force such nuclear liability insurance and such indemnity agreement pursuant to the Price-Anderson Act, as such regulations may require, with Company, Cipco and Corn Belt being named therein as their interests may appear.

ARTICLE X

General

Section 10.1 Governing Law. The validity, interpretation, and performance of this Agreement and each of its provisions shall be governed by the law of the State of Iowa.

Section 10.2 Regulatory Agencies. This Agreement is subject to the approval and lawful regulations of any regulatory

authority having jurisdiction over this Agreement or any Party hereto, including without limitation, Atomic Energy Commission, Federal Power Commission, Iowa State Commerce Commission and Rural Electrification Administration.

Section 10.3 Notice. Any notice, request, consent or other communication permitted or required by this Agreement shall be given in writing, and if given to Company shall be addressed to:

Chairman of the Board and President
Iowa Electric Light and Power Company
P. O. Box 351
Cedar Rapids, Iowa 52406

and if given to Cipco shall be addressed to:

President
Central Iowa Power Cooperative
P. O. Box 389
Marion, Iowa 52302

and if given to Corn Belt shall be addressed to:

President
Corn Belt Power Cooperative
Humboldt, Iowa 50548

unless a different officer or address shall have been designated by any of the Parties by notice in writing.

Section 10.4 Article and Section Headings not to Affect Meaning. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.5 Cooperation. Each Party will assist each of the other Parties in fulfilling and discharging the responsibilities assumed under this Operating Agreement and in making this Agreement productive and beneficial to the Parties and their

respective consumers. This undertaking of mutual assistance shall be limited only by any inconsistent individual or several obligations which may be determined by each Party to limit the assistance that may be provided by such Party. This general undertaking of mutual assistance shall not be deemed to replace or modify in any respect the specific responsibilities and obligations of the individual Parties as described in this Agreement.

Section 10.6 Amendments. This Agreement may only be amended by written agreement of all Parties hereto. Waiver or variation of any right, privilege or benefit provided hereunder to any Party shall not be deemed an amendment to this Agreement unless and until it be incorporated herein by written agreement executed by all Parties hereto.

Executed as of the date appearing at the beginning of this Agreement..

IOWA ELECTRIC LIGHT AND POWER COMPANY

By Alvan Arnold
Chairman of the Board and President

ATTEST:

R. J. [Signature]
Secretary

CENTRAL IOWA POWER COOPERATIVE

By Frank E. [Signature]
President

ATTEST:

Frank E. [Signature]
Secretary

CORN BELT POWER COOPERATIVE

By W. [Signature]
President

ATTEST:

[Signature]
Secretary

DUANE ARNOLD ENERGY CENTER
OWNERSHIP PARTICIPATION AGREEMENT

THIS AGREEMENT entered into this 1st day of June, 1973, between IOWA ELECTRIC LIGHT AND POWER COMPANY, an Iowa corporation, hereinafter called "Company", CENTRAL IOWA POWER COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Cipco", and CORN BELT POWER COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Corn Belt", (each of which is sometimes herein referred to as "Party" and collectively as "Parties"), WITNESSETH:

ARTICLE I

Recitals

Section 1.1 Each of the Parties is a public utility engaged in the generation, transmission and distribution of electric power and energy in the State of Iowa.

Section 1.2 Each of the Parties desires and intends to utilize the most modern technology to bring the benefits of efficient and economical electric service to the consumers of Iowa, and to this intent and purpose the Parties herewith establish their joint participation in a 550 MWe nominally rated nuclear generating station to be known as the Duane Arnold Energy Center to be located near Palo in Linn County, Iowa, including, without limitation, a boiling water reactor, turbine generator and associated auxiliaries, equipment and transformation, the complete construction and installation to be hereinafter called the "Project".

Section 1.3 The Project will be owned in undivided

ownership wherein Company will own eighty percent, Cipco will own ten percent and Corn Belt will own ten percent. Each Party will be individually responsible for the financing of its respective proportion of the Project and shall have the right to pledge such respective proportion as security therefor. The participation in the Project by Cipco and Corn Belt each shall be subject to and contingent upon such Party or Parties securing financing for the investment in its respective percentage of ownership and participation from the United States of America acting through the Rural Electrification Administration, or from such other source as for it shall be financially feasible. / Company shall have the right to arrange for a minor portion of its eighty percent (80%) undivided ownership to be granted to another electric utility, and thereupon this Agreement shall be amended to include such other ownership as a Party hereunder, with the same general rights, obligations and responsibilities as those of the Parties. /

Section 1.4 The Parties hereto agree that the Company, as the predominant owner, shall be solely responsible for the design, construction, operation, maintenance and disposal of the Project so as fully to comply with all requirements of the statutes and the rules and regulations of the Atomic Energy Commission and such other regulatory authority as in the opinion of the Company shall have competent jurisdiction.

Section 1.5 Each Party will be entitled to its proportionate share of the power and energy of the Project.

Section 1.6 Each Party shall be entitled to the benefit of the production and capacity of the Project in proportion to its ownership thereof, and each Party individually shall bear

~~its equitable and proportionate share of the investment in, and~~
~~all costs and expenditures associated with, the Project.~~ These obligations are more specifically described in Article II hereof relating to ownership and in separate agreements relating to Operations and to Transmission.

Section 1.7 A Participants Committee, consisting of a representative of each Party, shall periodically review and comment on all matters of common interest, including ownership, design and construction of the Project. The representative of Company shall be chairman of such committee. Such committee shall serve to inform the Parties of all matters involved in the Project, seek constructive suggestions and the development of mutually advantageous programs. Such committee, however, shall not diminish in any manner the responsibility and authority of Company as set forth in Section 1.4.

Section 1.8 Each Party will assist each of the other Parties in fulfilling and discharging the responsibilities assumed under this Agreement and in making this Agreement productive and beneficial to the stated intent. This general undertaking of mutual assistance shall not be deemed to replace or modify in any respect the specific responsibilities and obligations of the individual Parties as described in this Agreement, and each Party shall be the sole judge of any obligation it may have which shall be inconsistent with the responsibilities of this section.

Section 1.9 The Company may, at a future date, construct and install an additional generating unit or units at the site of the Project. In such event it is the intent of the Parties that an additional agreement will be executed to provide for

participation by the Parties or by others, in such additional unit or units and to recognize and allocate fairly any economies or savings that may result from such additional units at the site of the Project, or alternatively, any benefits from the use of joint facilities.

The Company will give written notice of intent to construct and install such additional units to the Parties in accordance with the provisions of Section 2.12 of this Agreement. In the event the Parties cannot agree as to the participation in any such additional unit, or the allocation of resultant economies or savings, or the utilization of space, water or other resources thereby, such differences shall be subject to arbitration as provided in Section 2.17 of this Agreement.

ARTICLE II

Ownership

Section 2.1 Definition of Project. The project described in Section 1.2, as the Duane Arnold Energy Center, and herein referred to as the "Project", shall consist of:

(a) The land described in the forms of deeds attached hereto as Exhibits A; such land, together with all such additional land or rights therein as may hereafter be acquired for the purpose specified in (d) below, being hereinafter called the "Land";

(b) Generating Unit No. 1 (hereinafter called the "Initial Unit"), including the nuclear power reactor, the turbine-generator, the buildings housing the same, the associated auxiliaries and equipment as more particularly described in the Application, and amend-

ments thereto, by Company before the United States Atomic Energy Commission in Docket No. 50-331 and the Preliminary Safety Analysis Report (PSAR), and amendments thereto, which constitutes a part of such Application;

(c) Inventories of materials, supplies, tools and equipment for use in connection with the Initial Unit; and

(d) Such additional land or rights therein as may be acquired, and such additional facilities and other tangible property as may be acquired, constructed, installed or replaced in connection with the Initial Unit, whether such acquisition, construction, installation or replacement takes place before or after the commercial service date of the Initial Unit, provided

(i) that the cost of such additional land or rights therein or of such additional facilities or other tangible property shall be properly recordable in Utility Plant, under the Federal Power Commission Uniform System of Accounts for Electric Utilities (the "Uniform System of Accounts"), and (ii) that such additional land or rights therein or such additional facilities or other tangible property shall have been acquired, constructed, installed or replaced for the common use of Company, Cipco and Corn Belt under and subject to the provisions of this Agreement.

Section 2.2 Division of Ownership. Subject to the approval of such regulatory agencies as may have jurisdiction

over the Parties, and the obtaining of such consents or approvals from the Atomic Energy Commission, the Rural Electrification Administration, and any other regulatory authority as any Party may deem necessary, ~~the Parties will own the Project as tenants in common~~ under the laws of the State of Iowa, Company owning 80% undivided interest (subject to its option set forth in Section 1.3 hereof) ~~Cipco owning 10% undivided interest~~, and Corn Belt owning 10% undivided interest; and to that end:

(a) Company shall promptly convey to Cipco and Corn Belt their respective interests as tenants in common in and to the Land by Iowa State Bar Association Official Form No. 2 (Corporate Warranty Deed);

(b) Company shall assign, transfer and convey, as promptly as may be appropriate, to Cipco and Corn Belt their respective interests in and to property described in subparagraphs (b), (c) and (d) of Section 2.1 hereof; and

(c) The Parties shall execute such other instruments of conveyance and transfer as shall from time to time be necessary and appropriate to conform to the ownership interests as set forth above.

Section 2.3 Transmission and Interconnection. The Parties will share in the provision of necessary interconnection and transmission facilities required for the electrical back-up and reserves for the Project, in accordance with a separate transmission agreement to be executed by the Parties.

Section 2.4 Single Party Facilities. In consideration of the mutual covenants of this Agreement, and more particularly :

of this Section 2.4; and upon agreement of the other Parties, each Party shall be entitled to install and operate on the Land such facilities as are reasonably required to enable it to receive the power and energy to which it is entitled under the provisions of this Agreement, provided that the facilities of each Party shall be so installed and operated as not to interfere unreasonably with or burden those of any other Party or the Project, or the reasonable present or future utilization of the Land, or be in conflict with any regulation or requirement of the Atomic Energy Commission or any other regulatory authority having jurisdiction. In the event that a Party proposes to install or operate facilities which would require the relocation of previously installed facilities of any other Party or of the Project but would otherwise meet the requirements of the preceding sentence, the Party desiring to install or operate such facilities shall bear the entire cost thereof.

All facilities and property for the use of a single Party only, installed pursuant to the provisions of this Section 2.4, shall be and remain the sole property of the Party installing them, shall, where practicable, be identified by distinctive marking as the property of such Party, and shall be considered personal property. No provision of this Agreement shall give to any other Party, or anyone claiming by, through or under such other Party, any right, title or interest in such facilities and property. The respective interests of the Parties as enumerated in Section 2.2 shall not be changed by the installation of any facilities, property or improvements therein or thereon under this Section 2.4.

Section 2.5 Agency. Cipco and Corn Belt irrevocably authorize Company as their Agent, to the extent of their respective interests:

(a) To make such reasonable agreements and modifications of existing agreements and take such other reasonable action as Company deems necessary or appropriate, in its reasonable discretion, or as may be required under the regulations or directives of the United States Atomic Energy Commission or such other regulatory agency having jurisdiction, with respect to the completion of the Project for commercial service, the replacement, modification or renewal of all or any part thereof, and if necessary, the retirement or salvaging of all or any part thereof, and if necessary, the retirement or salvaging of all or any part thereof, whether before or after completion;

(b) To execute and file with the United States Atomic Energy Commission or such other regulatory agency having jurisdiction, applications, amendments, reports and other documents and filings in or in connection with licensing and other regulatory matters with respect to the Project; and

(c) To receive on their behalf any notice or other communication from the United States Atomic Energy Commission or other regulatory agency having jurisdiction, as to any licensing or other regulatory matter with respect to the Project.

Section 2.6 Information. Company shall make all

reasonable effort fully to inform Cipco and Corn Belt as to the plans for and progress of Project in accordance with Section 1.6 hereof; but no failure of Company to provide information shall constitute a default, excuse or release for any Party from any obligation hereunder.

Section 2.7 Cooperation. All Parties will cooperate with each other in all activities in connection with the Project, including, without limitation, the filing of applications for authorizations, permits or licenses and the execution of such other documents as may be reasonably necessary to carry out the provisions of this Agreement. ~~Neither Cipco nor Corn Belt, without Company's written consent, shall incur any obligation in connection with the Project which would or might obligate Company to any third party.~~

Section 2.8 Limitation of Liability. No Party shall be liable to any other Party for any loss, cost, damage or expense incurred by any other Party as a result of any action or failure to act by such Party in connection with this Agreement; ~~expecting only~~ (a) any Party shall be liable to any other Party or Parties injured for any action not taken in good faith or any action in breach of this or any other Agreement between the Parties; (b) if, by reason of any joint liability, any Party shall be called upon to make any payment or incur any obligation in excess of the proportionate interest of such Party in the Project, the other Parties shall indemnify and reimburse such Party to the extent of their proportionate interests in such excess; and (c) each Party shall be solely liable for, and shall indemnify each of the other Parties for any claim arising out of the maintenance

by such indemnifying Party of any facility installed and maintained by such Party pursuant to the second paragraph of Section 2.4:

Section 2.9 Sharing of Costs. Company shall be responsible for 80%, Clpco for 10% and Corn Belt for 10% of all costs, obligations and liabilities incurred in the initial construction of the Project and for all subsequent capital expenditures required and made with respect to the Project during the life thereof, excluding interest, except as otherwise expressly provided herein. This Agreement generally is intended to set forth the responsibility for capital costs and the costs of inventories of materials, supplies, tools and equipment; and it is likewise intended that the responsibility for operating expenses will be set forth in an Operating Agreement between the Parties to be hereafter executed; nevertheless, it is the absolute intent of the Parties to share all costs, obligations and liabilities incurred in connection with the Project, and not otherwise expressly provided for, in the proportions set forth above, and in the event of any doubt whether responsibility for any specific cost, obligation or liability is provided for in this Agreement or in said Operating Agreement, such cost, obligation or liability shall be so shared.

The cost of construction and capital expenditures is defined as all expenditures made by Company for the project described in Section 2.1 for those items recorded in accordance with the Electric Plant Instructions and in appropriate accounts as set forth in the Federal Power Commission Uniform System of Accounts prescribed for Public Utilities and Licensees (Class A

and Class B), except and excluding interest and taxes charged during construction.

Section 2.10 Payment of Prior Accumulated Costs. It is recognized that Company will make payments of certain costs referred to in Section 2.9 hereof prior to the time that Cipco and Corn Belt will have available funds from their respective financings. Company will on the 15th day of the month following the date of this Agreement, and on the 15th day of each month thereafter, until such financing shall be completed and funds made available to Cipco and Corn Belt, notify Cipco and Corn Belt of the amount and nature of all such payments made to date and the amount of interest due from Cipco and Corn Belt based on the total of all unpaid and accrued payments to such date. Such interest shall be computed at the Company's current cost of borrowed funds at the end of each particular month during which the expenditures were incurred, and such interest shall not be compounded. Cipco and Corn Belt each will pay to Company its respective aggregate share of such construction payments and interest reimbursement to the date of payment immediately after funds are available therefor from its respective financing.

Section 2.11 Payment of Current Costs.

(a) Company shall be responsible for payment of all costs and obligations for construction as described in Section 2.9 hereof.

(b) Company will provide the Participants Committee with the best information reasonably available as to the schedule of construction and the anticipated time of such construction payments. Such schedule

and estimate shall be prepared at least fifteen days prior to the end of each calendar quarter, showing such anticipated payments by calendar quarter for the next succeeding four calendar quarters.

(c) Company will, on or before the 15th day of each month, notify Cipco and Corn Belt of the nature and amount of such construction payments anticipated to be made by Company during the succeeding calendar month. Cipco and Corn Belt each will make payment to Company of its respective 10% share of such costs on the first day of such succeeding month. Each such notification made by the Company of anticipated payments shall be accompanied and adjusted by an accounting of actual payments for the second preceding month. Within a reasonable period after the Company has distributed the expenditures in its books to the electric plant in service accounts, it will furnish Cipco and Corn Belt with a summary of changes as made to Accounts 320 through 325, and other accounts as are required by the applicable Uniform System of Accounts.

Billings for all subsequent additions and retirements of electric plant will be accompanied by a summary of charges and credits, for the related plant, as made on the Company's books to Accounts 320 through 325, as shown in the applicable Uniform System of Accounts.

(d) Any payment made pursuant to the foregoing subsections shall not constitute a waiver of any

right of either Cipco or Corn Belt to question or contest the correctness of any charge by Company, but no payment by Cipco or Corn Belt to Company shall be delayed because of a question or contest as to the correctness of any charge by Company.

Section 2.12 Additional Generating Unit or Units.

new site
~~Company shall have the right to install and operate on the land additional generating units, whether or not nuclear-fueled, and~~
necessary appurtenances thereto, provided such additional facilities shall not be so installed and operated as to unreasonably interfere with or burden the Project or the facilities of Cipco and Corn Belt. In the event that Company determines to exercise the rights under this Section, it shall notify in writing Cipco and Corn Belt of the nature of the proposal, including the net generating capacity and anticipated installed cost thereof. Cipco and Corn Belt, or either of them, shall thereupon have an option for a period of 180 days from the date of Company's notification in which to advise Company of a desire to participate in such proposed project. Upon receipt of such advice, such additional unit and appurtenances thereto shall thereupon be deemed to be a part of the Project for all purposes covered by this Agreement, with such amendments hereto as may be appropriate.

In the event Company shall propose such additional generating units and either or both Cipco or Corn Belt shall not exercise its option hereinabove provided, Company shall have the right to provide for the relocation of previously installed facilities of the Project or of Cipco or Corn Belt, providing that the entire cost of such relocation shall be borne by Company.

Company shall also have the right to use any facilities installed as a part of the Project in connection with the installation and operation of such additional generating unit, and to modify such facilities for such use, provided that such use and modification do not unreasonably interfere with or burden the Project and that the cost of any such modification is borne by Company, and further provided that any benefits and savings resulting from the joint use of facilities which are a part of the Project shall be recognized and allocated fairly between the Parties.

Section 2.13 Insurance. Company during the period of construction of the Project shall carry in the name of Company, Cipco and Corn Belt, as their interests appear as aforesaid, builder's risk and/or installation floater insurance of the "all risks" type to the full value of construction as of any given date, including the risks of transit, loading and unloading at any point or place of shipment in the world, and continuously thereafter until delivered at job site, while awaiting further transportation, and during construction and installation. Such insurance shall insure the interests of all parties, including the owners, the engineer, the contractors and all subcontractors, equipment suppliers and manufacturers. Company shall also assure itself and the other Parties hereto that all contractors, subcontractors, the engineer, and all equipment suppliers or manufacturers have adequate insurance and limits thereof, with carriers approved by Company, for workmen's compensation, public liability, contractors' liability and such other hazards as Company shall deem appropriate with respect to the Project, or Company, at its option, may provide for an insurance program of the nature of a

"wrap-up" which shall combine all hazards in one policy, with all Parties, including owners, contractors, subcontractors, engineer and equipment suppliers and manufacturers, involved in the Project being insureds thereunder as their interests may appear.

In accordance with regulations of the Atomic Energy Commission, before fissionable material shall be delivered to the site of the Project, Company will have in force such nuclear liability insurance as such regulations may require, with Company, Cipro and Corn Belt being named therein as their interests may appear.

Section 2.14 Alienation. The Project is an integral part of the facilities required by each Party to provide adequate electric service to its respective consumers, and the property and facilities included in the Project will be of use only to utilities engaged in furnishing such electric service. It is recognized that physical division of the Project or any part thereof would be inconsistent with the purposes of this Agreement. Accordingly, the Parties wish to assure that the Project and all the properties and facilities included therein will remain in service either as part of the Project or as part of the facilities of one of the Parties to this Agreement so long as used or useful for utility service. In furtherance thereof:

- (a) Except with respect to Company's right to grant a minor portion of its ownership to another as set out in Section 1.3, no Party shall have the right, without the written consent of each of the other Parties, which consent shall not be withheld unreasonably, to sell, transfer or assign any right, title or inter-

es, or create any lien or encumbrance on any property or facilities included in the Project, except that:

(i) No such consent shall be required for any Party:

(A) To mortgage its proportionate interest in the Project to secure bonds or other obligations issued or to be issued by it; or

(B) To convey its proportionate interest in the Project to another corporation, whether by sale or pursuant to or as a result of a merger, consolidation, liquidation or corporate reorganization, provided that such other corporation by written instrument assumes all of the obligations of the conveying Party pursuant to this Agreement; and in the event that such conveyance shall be made by Company, it shall be conditioned upon the granting by the Atomic Energy Commission and such other regulatory authorities as shall have jurisdiction, of all permits, licenses, and other authorizations as shall be requisite to permit the maintenance and operation of the Project by the corporation to which such conveyance shall be made.

(b) The Parties hereby waive their respective rights of partition in any property that is included in the Project for the term of this Agreement.

(c) Except for the interest of a mortgagee under a mortgage permitted by subsection (a) above, each Party shall notify each other Party as soon as it has reason to believe that any other person might have or might acquire any claim or colorable claim to any right or interest under this Agreement or any other right whatsoever or interest in or to any of the property or facilities included in the Project.

Section 2.15 Nuclear Fuel. In the event that the Parties determine that nuclear fuel for the Project shall be owned by the Parties, such ownership shall be in the same undivided proportion as is provided for the Project in Section 2.2 hereof. Company shall purchase such fuel and be reimbursed by Cipco and Corn Belt for their respective portions of the costs thereof, which costs shall include, without limitation, all expenditures made by Company for purchase, enrichment and fabrication of nuclear material and of transportation, interim storage and insurance thereon (and including interest thereon, if any, if such costs are in the nature of prior accumulated costs as referred to in Section 2.13 hereof), until delivery of nuclear fuel to the site of the Project.

Each Party shall have the right to mortgage, pledge or encumber its investment in nuclear fuel, without the consent of any other Party, either jointly or separately, with its mortgage, pledge or encumbrance of its investment in the Project generally.

If the Parties determine that nuclear fuel shall be leased rather than owned, this Agreement shall thereupon be appropriately amended so as to provide that each Party shall bear all

costs of such nuclear fuel attributable to its ownership of the Project.

Section 2.16 Term. ~~The term of this Agreement shall~~
~~be 35 years~~ from and after the date upon which this Agreement shall become binding and effective upon the Parties, which date shall be definitely established by exchange of letters between the Parties.

Section 2.17 Termination. ~~This Agreement shall con-~~
~~tinue in force beyond the term set forth in Section 2.16, unless~~
or until such time as its termination is required by any governmental agency having authority therefor, or as the result of any rule of law now or hereafter applicable, or as all Parties shall determine by written agreement, or until three years after the date upon which one Party shall give written notice to the other Parties of its desire to terminate the same; but this Agreement shall not continue in force beyond the period described at Section 2.18 hereof.

Notwithstanding any provision of this Agreement, all of the obligations and responsibilities of the Company for compliance with the terms and provisions of the operating license issued by the United States Atomic Energy Commission and with the regulations of such Commission with respect thereto shall in no way be impaired by any termination of this Agreement.

Section 2.18 Duration of Limitations.

-- (a) Each provision of this Agreement shall be effective to the full extent permitted by law now or hereafter applicable until abandonment of the use at the Project site (whether or not as part of the Project)

of all of the property, real or personal, now or hereafter a part of the Project, for the generation and transmission of electricity; provided, however, that if the rule against perpetuities or any other rule of law shall limit the time during which any provision of this Agreement shall be effective, then each such provision of this Agreement shall continue to be effective until 21 years after the death of the last survivor of all of the elected corporate directors and officers of Company, Cipco and Corn Belt in office and all of their children living on the date of execution of this Agreement, a list of such directors and officers and their children being attached as Exhibit C.

(b) Unless, in each instance, one of the Parties gives notice to the contrary at least 30 days prior to each fifth anniversary of the date of execution of this Agreement, the Parties will execute on each such anniversary a document, in the form of Exhibit D hereto, which shall be recorded, providing that if the rule against perpetuities or any other then effective rule of law limits the time during which any provision of this Agreement shall be effective, then each such provision of this Agreement shall continue to be effective until 21 years after the death of the last survivor of all of the elected corporate directors and officers of Company, Cipco and Corn Belt in office on the date of such document and all of their children then living. The provision herein to extend the effec-

tiveness of each such provision of this Agreement shall apply on each fifth anniversary even if the extension has not been effectuated on any one or more prior anniversaries.

Section 2.19 Arbitration.

(a) Controversies Subject to Arbitration.

Any controversy, claim, counterclaim or dispute between the Parties arising out of or relating to this Agreement, including, without limitation, the deed or deeds to be furnished hereunder or any breach thereof (but not including any limitation upon the sole responsibility of the Company for the design, construction and operation of the Project, as established hereinabove), shall be submitted to arbitration upon the request of any Party in the manner provided herein.

(b) Notice of Arbitration. The Party submitting a request for arbitration shall serve notice upon the other Parties setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to the controversy, claim, counterclaim or dispute involved in the Party's contention with respect to the correct resolution thereof.

(c) Selection of Arbitrator. If the request for arbitration involves in whole or in part a matter of accounting, the sole arbitrator with respect to the accounting matter shall be a firm of Certified Public Accountants, mutually agreeable to the Parties. With

respect to any other question, the Parties shall endeavor to agree upon and appoint, within 15 days of the date of a request for arbitration, one person to act as sole arbitrator. If the Parties fail to agree upon such sole arbitrator within such 15 days, they shall, and any one of them may, within the five days thereafter, request the Chief Judge of the United States Court of Appeals for the Eighth Circuit to appoint an arbitrator. If the Chief Judge does not appoint an arbitrator within 30 days of the date of the request for arbitration, the Parties shall, and any one of them may, within the next 10 days thereafter, request the American Arbitration Association to appoint the arbitrator pursuant to its then existing rules.

(d) Conduct of Arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect, to the full extent that such rules are not inconsistent with Iowa law.

(e) Scope of Arbitration. The Parties agree that any arbitrator serving hereunder shall give full force and effect to all of the provisions of this Agreement.

(f) Findings and Award. The findings and award of the arbitrator shall be binding and conclusive with respect to the matter or matters submitted to arbitration, except as the same may be modified, corrected or vacated, in accordance with any Iowa statute then in

effect governing arbitration.

(g) Costs. The costs of arbitration shall be borne by the instigator of the arbitration.

Section 2.20 Miscellaneous.

(a) Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the law of the State of Iowa.

(b) Notice. Any notice, request, consent or other communication permitted or required by this Agreement shall be given in writing, and if given to Company shall be addressed to:

Chairman of the Board and President
Iowa Electric Light and Power Company
P. O. Box 351
Cedar Rapids, Iowa 52406

and if given to Cipco shall be addressed to:

President
Central Iowa Power Cooperative
P. O. Box 389
Marion, Iowa 52302

and if given to Corn Belt shall be addressed to:

President
Corn Belt Power Cooperative
Humboldt, Iowa 50548

unless a different officer or address shall have been designated by any of the Parties by notice in writing.

(c) Article and Section Headings Not to Affect Meaning. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provi-

sions hereof.

Executed as of the date appearing at the beginning of
this Agreement.

IOWA ELECTRIC LIGHT AND POWER COMPANY

By Alvan Arnold
Chairman of the Board and President

Attest:

[Signature]
Secretary

CENTRAL IOWA POWER COOPERATIVE

By Kimberly H. [Signature]
President

Attest:

[Signature] Rose
Secretary

CORN BELT POWER COOPERATIVE

By Walter G. Snell
President

Attest:

[Signature]
Secretary

EXHIBIT A

IOWA STATE BAR ASSOCIATION
Official Form No. 2 (Trade Mark Registered, State of Iowa, 1937)

FOR THE LEGAL EFFECT OF THE USE
OF THIS FORM, CONSULT YOUR LAWYER



PROPOSED FORM OF
WARRANTY DEED
(CORPORATE)

Know All Men by These Presents:

That IOWA ELECTRIC LIGHT AND POWER COMPANY
having its principal place of business at Cedar Rapids in Linn
County and State of Iowa, a corporation organized and existing under the
laws of Iowa, in consideration of the sum of One Dollar and Other

Valuable Consideration

in hand paid does hereby CONVEY unto Iowa Electric Light and Power Company, an
undivided eighty percent; unto Central Iowa Power Cooperative, an un-
divided ten percent; unto Corn Belt Power Cooperative, an undivided ten
percent; said grantees to be tenants in common;
the following described real estate situated in Linn County, Iowa, to wit:

Gov. Lot 4, and N 1/2 Gov. Lot 2, Sec. 3; Gov. Lots
1, 2, 3 and 4, Sec. 10; SE 1/4 and E 1/2 NE 1/4 Sec. 9, all
in 84-8, Linn County, Iowa, subject to public highway,
containing 480 acres, more or less.

EXHIBIT C

ELECTED CORPORATE DIRECTORS AND OFFICERS AND THEIR CHILDREN
of
COMPANY, CIPCO AND CORN BELT

IOWA ELECTRIC LIGHT AND POWER COMPANY

Duane Arnold
Chairman and President

Margaret Arnold
Helen Arnold
Duane Arnold, Jr.
Elizabeth Arnold
Mary Arnold

Marshall G. Hardesty
Vice President-Finance

Carol Hardesty
Marshall Hardesty, Jr.
Margaret Ann Hardesty

Charles W. Sandford
Vice President

Charles Dennis Sandford
Sheryl Louise Sandford

Ralph F. Dresher
Vice President

Robert Dresher
Jean Bark

Stevan B. Smith
Vice President and Secretary

Creighton Smith
Philip Smith
David Smith

Sutherland Dows
Vice President

Patrice Dows
Julia Dows
Frances Dows
Laura Dows

James M. Davidson
Vice President

Richard Davidson
Dee Ann Davidson

J. Bernard Rehnstrom
Treasurer

Alan Rehnstrom
Brian Rehnstrom
Amy Rehnstrom

Hillis M. Gill
Vice President

Barbara Kouba
Jerry Gill

Donald A. Mathern
Vice President

Mary Katherine Pellegrino
David Mathern
Thomas Mathern

Directors

Robert Armstrong

Mary Helen Dusek
Esther A. Cooper
Anna A. Johnston
Amelia A. Meffert

Dr. James A. Van Allen

Margo Van Allen
Cynthia Van Allen
Sarah Van Allen
Thomas Van Allen
Peter Van Allen

John W. Norris

Robert Norris
John Norris, Jr.
Megan Norris

David Q. Reed

Dupuy Warrick Reed
James A. Reed II
John Erich Reed
Ellen Quinlan Reed

S. E. Coquillette

James Coquillette
Janet Wray

William C. Crawford

Joanne Poyneer

Howard Hall

None

CIPCO

Kenneth H. Joslin
President

Daniel Joslin
Howard Joslin
Jane Joslin

Joseph C. Ambrecht
Vice President

Thomas Ambrecht
Peggy Ambrecht
Susan Ambrecht

George L. Rose
Secretary-Treasurer

Robert Rose
George Harmon Rose
Mary Iacock
Paul Rose

Paul G. Williams
Assistant Secretary-Treasurer

Robert Williams
David Williams
Donald Williams
John Williams

Directors:

Richard G. Mickelson

Shirley Kessel
Carol Mickelson
Marilyn Mickelson
Ronald Mickelson

Daryl M. Scott

Daniel Scott
Dallas Scott
Randall Scott

C. Raymond Fischer

Roger Fischer
Thomas Fischer

G. J. Armstrong

Faye Davis
Kaye Wentcien

John Harrison

Joyce Whittenbaugh
Vicki Fox

Raymond Montgomery

Willis Montgomery
Gene Montgomery
Ruth Ann Schweibert
Joyce Ferguson
Robert Montgomery

Lloyd Peterson

Virginia Jackson
Roger Peterson
Stanley Peterson
Roswell Peterson

Glenn J. Christy

James Christy
Richard Christy
Naomi McClurg

Eugene H. Wilson

Gene Wilson
Mona Wilson
Nancy Sulcer

Harold Smalley

Erville Smalley
George Smalley
Roger Smalley
Darlene Kennedy
Myra Smalley

CORN BELT

Warren C. Snell
President

Gary Snell
Janice Draper

George Gaskill
Vice President

Thurman Gaskill
Georgia Ann. Crockett

Herman Dokken
Treasurer

Dorothy Ann Ritterhoff
Gretchen Patterson

Chester Wicks
Secretary

Kendall Wicks
Oliver Wicks

Directors:

John A. Cooper

Garry Cooper
Thomas Cooper
Patricia Lorenz

Leo Densmore

Dennis Densmore
Diane Densmore

Eldo Meyn

Fred Meyn

Delmar Corderman

Janis Corderman

Claude Lines

Thomas Lines

Lloyd W. Simonson

Philip Simonson
Rhonda Sue Simonson
Sandra Wernimont

Merle Johns

Dean Johns
Leland Johns

Roy W. Winter

Dwight Winter
Dean Winter
Doris Jean Rensburg

Clay G. Timmerman

Marion Ahlert

Eugene Drager

None

EXHIBIT D

SUPPLEMENT TO DUANE ARNOLD ENERGY CENTER

OWNERSHIP PARTICIPATION AGREEMENT

This Supplemental Agreement entered into this _____ day of _____, 1975, between IOWA ELECTRIC LIGHT AND POWER COMPANY, an Iowa corporation, hereinafter called "Company", CENTRAL IOWA POWER COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Cipco", and CORN BELT COOPERATIVE, an Iowa cooperative corporation, hereinafter called "Corn Belt", (each of which is sometimes herein referred to as "Party" and collectively as "Parties"),
WITNESSETH:

The Parties entered into the DUANE ARNOLD ENERGY CENTER OWNERSHIP PARTICIPATION AGREEMENT on the _____ day of _____, 1970. In compliance with Section 218 (b) of said Agreement, it is hereby provided that if the rule against perpetuities or any other effective rule of law limits the time during which any provision of the Agreement shall be effective, then each such provision of said Agreement shall continue to be effective until 21 years after the death of the last survivor of all of the elected corporate directors and officers of Company, Cipco, and Corn Belt in office on the date of this document and all of their children now living. A list of such directors and officers and their children being attached as Amended Exhibit C.

Executed as of the date appearing at the beginning of this Supplemental Agreement.

IOWA ELECTRIC LIGHT AND POWER COMPANY

Attest:

By _____
Chairman of the Board and President

Secretary

CENTRAL IOWA POWER COOPERATIVE

Attest:

President

Secretary

CORN BELT POWER COOPERATIVE

Attest:

By _____
President

Secretary

DUANE ARNOLD ENERGY CENTER

AMENDMENT TO PROVIDE FOR 70% OWNERSHIP BY COMPANY AND
20% OWNERSHIP BY CIPCO

This Amendment entered into this 5th day of April, 1972, between Iowa Electric Light and Power Company, an Iowa Corporation, hereinafter called "Company", Central Iowa Power Cooperative, an Iowa Cooperative Corporation, hereinafter called "CIPCO", and Corn Belt Power Cooperative, an Iowa Cooperative Corporation, hereinafter called "Corn Belt" that the Duane Arnold Energy Center Ownership Participation Agreement dated June 1, 1970, hereinafter called "Ownership Agreement" between these parties; and the Duane Arnold Energy Center Operating Agreement dated June 1, 1970, hereinafter called "Operating Agreement" between these parties; and the Duane Arnold Energy Center Agreement for Transmission, Transformation, Switching and Related Facilities dated June 1, 1970, between these parties are modified and amended for the purpose of changing the interest of Company from eighty percent to seventy percent and to change the interest of CIPCO from ten percent to twenty percent. The "Ownership Agreement", "Operating Agreement" and "Transmission Agreement" are amended and modified as follows:

Section 1. The "Ownership Agreement" is amended to substitute ownership by Company in the amount of seventy percent for the amount of eighty percent in the original agreement, and to substitute ownership by CIPCO in the amount of twenty percent for the

-2-

amount of ten percent in the original agreement. Such substitution to apply to all provisions of said "Ownership Agreement" and to specifically amend Sections 1.3, 2.2, 2.9 and 2.11 thereof. Company and CIPCO respectively will execute and deliver such other documents (including without limitation, Warranty Deed in the form shown at Exhibit A) and perform such other acts as may be necessary to carry out and make effective the changes in their respective ownership interests made by the foregoing amendments.

Section 2. The "Operating Agreement" is amended to substitute undivided ownership by and interest of Company in the amount of seventy percent for the amount of eighty percent in the original agreement and to substitute undivided ownership by and interest of CIPCO in the amount of twenty percent for the amount of ten percent in the original agreement. Such substitution to apply to all provisions of said "Operating Agreement" and to specifically amend Sections 1.3, 3.1, 4.1, 4.3 and 5.1 thereof.

Section 3. The "Transmission Agreement" is amended to substitute undivided ownership by and interest of Company in the amount of seventy percent for the amount of eighty percent in the original agreement and to substitute undivided ownership by and interest of CIPCO in the amount of twenty percent for the amount of ten percent in the original agreement. Such substitution to apply to all provisions of said "Transmission Agreement" and to specifically amend Sections 1.5, 2.2, 3.1 and 3.3(c).

Section 4. All other provisions of the "Ownership Agreement", "Operating Agreement" and "Transmission Agreement" shall remain

-3-

effective and unchanged excepting only the foregoing amendments to establish the ownership and interest of Company at seventy percent and of CIPCO at twenty percent.

Executed as of the date appearing at the beginning of this Amendment Agreement.

IOWA ELECTRIC LIGHT AND POWER COMPANY

By Alvan Arnold
Chairman of the Board and President

ATTEST:

Stuart Schmid
Secretary

CENTRAL IOWA POWER COOPERATIVE

By Joseph C. Ambrecht
President

ATTEST:

Paul H. Williams
Secretary

CORN BELT POWER COOPERATIVE

By Walter C. Snell
President

ATTEST:

Walter C. Snell
Secretary

0 0 0 0 0 0 5 0 2 5 2 0 0

AGREEMENT . . .

This agreement made as of this 27th day of June, 1972 by and between Iowa Electric Light and Power Company, an Iowa Corporation, hereinafter called "Company," and Central Iowa Power Cooperative, an Iowa cooperative corporation, hereinafter called "CIPCO."

WHEREAS, both Company and CIPCO are parties to certain agreements all dated June 1, 1970 and described as Duane Arnold Energy Center Ownership Agreement, hereinafter called "Ownership Agreement;" Duane Arnold Energy Center Operating Agreement, hereinafter called "Operating Agreement;" and Duane Arnold Energy Center Agreement for Transmission, Transformation, Switching and Related Facilities, hereinafter called "Transmission Agreement," and

WHEREAS, both Company and CIPCO have amended said Ownership Agreement, Operating Agreement and Transmission Agreement whereby CIPCO shall have a twenty percent (20%) ownership interest and Company shall have a seventy percent (70%) ownership interest, and

WHEREAS, such amendment to the ownership interests of these parties requires interchange of capacities with associated benefits and burdens between the parties to achieve the maximum economic and operational benefits to the electric services provided by the respective parties,

NOW THEREFORE, in consideration of these mutual undertakings, it is agreed that for the period ending in September, 1977, Company will acquire the capacity and assume the costs during summer months, of so much of the additional ownership interest of DAEC as shall be in excess of the capacity requirements

of CIPCO under the following terms and conditions:

Section I. Company will acquire the capacity and assume the monthly costs of so much of 55 MW of nuclear capacity owned by CIPCO from the Duane Arnold Energy Center, as CIPCO shall notify Company as is in excess of CIPCO needs for the summer six months of April through September of each year, commencing April 1, 1974 and ending September 30, 1977.

Section II. Monthly costs assumed by Company are defined as one-twelfth of the annual fixed costs incurred by CIPCO for its additional ten percent (10%) ownership interest in the Duane Arnold Energy Center. Such fixed costs shall include (a) interest at the composite rate paid by CIPCO for funds borrowed by CIPCO to finance its ownership interest in the second ten percent as provided in the amended Ownership Agreement, Operating Agreement and Transmission Agreement; (b) depreciation, insurance, taxes, overhead and all other costs associated with such additional ten percent ownership interest at the composite rate incurred by CIPCO on its entire ownership interest in all agreements relating to Duane Arnold Energy Center; and (c) energy costs shall be as provided for in the "Operating and Transmission Agreement" as executed by and between the parties. Company will assume the same proportion of such costs as the capacity it acquires of such 55 MW.

Section III. In the event that commercial operation of the Duane Arnold Energy Center has not commenced by April 1974, Company will assume the costs described in Section II during the period beginning April 1, 1974 and until such time as Duane Arnold Energy Center is in commercial operation, but for no longer than the six month period ending September 30, 1974. Any such assumption of costs under this Section III shall be in lieu of cost assumption under Section II for the period of such assumption.

Section IV. CIPCO will notify Company in writing describing the amount of capacity and period of availability thereof not less than 12 months before the time that such capacity is available to Company for the years 1976 and 1977, under the provisions of Section I hereof. For the years 1974 and 1975 CIPCO will provide capacity in the amount of 55 MW. The obligation of Company to assume costs under Sections I and II hereof shall be based on such notice with exception of the years 1974 and 1975.

Section V. Company shall be entitled to use and utilize the capacity for which it assumes the costs under this Agreement in the same manner as the capacity owned by Company in Duane Arnold Energy Center.

Section VI. All costs assumed by Company under this Agreement shall be billed to the Company not later than the 15th day of the month following that to which the billing relates and the Company shall pay the same within 15 days thereafter.

Section VII. It is the intention of the parties hereto that this agreement be interpreted and carried out in harmony with the principles and procedures expressed in the Ownership Agreement, Operating Agreement and Transmission Agreement. Where reasonably applicable the terms of such agreements are incorporated herein by reference.

Attest:

Steven R. Smith
Secretary

IOWA ELECTRIC LIGHT AND POWER COMPANY

By Duane Arnold

Attest:

Paul H. Williams
Secretary

CENTRAL IOWA POWER COOPERATIVE

By Joseph C. Ambrecht

