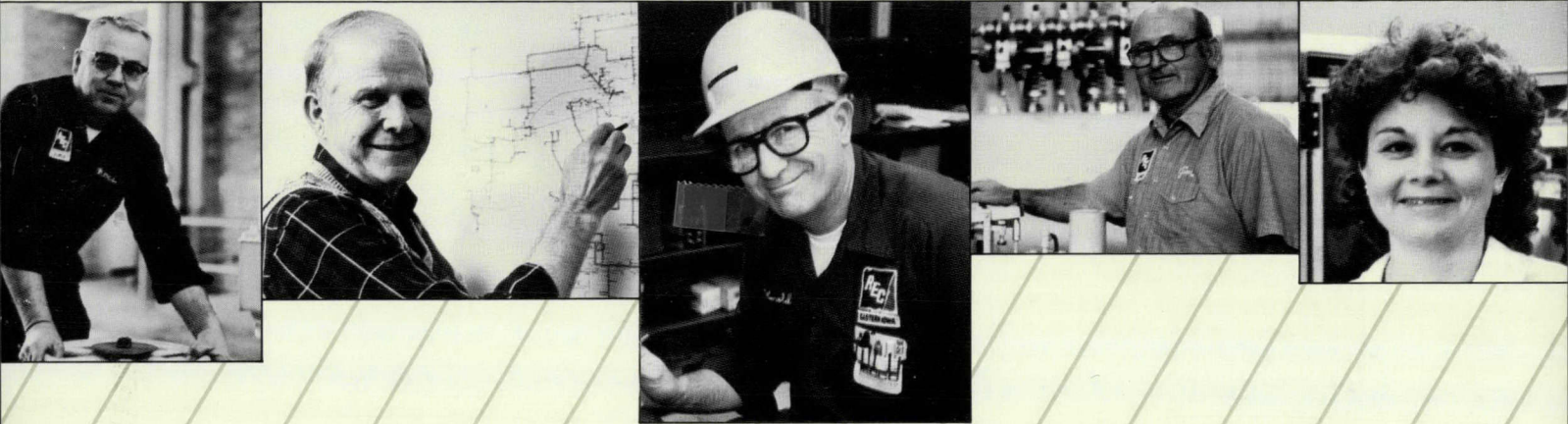


## 1986 Annual Report



### *The People — The Progress*

*Putting You First For 40 Years,  
That's the R.E.C. Way!*

Docket # 50-331  
Control # 8705200062  
Date 05-11-87 of Document  
REGULATORY DOCKET FILE

### — NOTICE —

THE ATTACHED FILES ARE OFFICIAL RECORDS OF THE DIVISION OF DOCUMENT CONTROL. THEY HAVE BEEN CHARGED TO YOU FOR A LIMITED TIME PERIOD AND MUST BE RETURNED TO THE RECORDS FACILITY BRANCH 016. PLEASE DO NOT SEND DOCUMENTS CHARGED OUT THROUGH THE MAIL. REMOVAL OF ANY PAGE(S) FROM DOCUMENT FOR REPRODUCTION MUST BE REFERRED TO FILE PERSONNEL.

DEADLINE RETURN DATE \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RECORDS FACILITY BRANCH









*Forty years* ago marks the beginning of CIPCO. As we celebrate this anniversary, it is only fitting to honor those people who are responsible for the success of this cooperative during our forty year history and today. CIPCO is a story of its people, and its progress. Progress which could not have been made without dedicated, hard working people. We owe our thanks to a long list of directors and staff at both the G&T level and within our member distribution cooperatives. A companion publication on the forty year history is with this issue of the 1986 Annual Report. You may read about some of these people in this publication. ■ The people involved with the progress of CIPCO today are featured in this report.

REGULATORY DOCKET FILE COPY



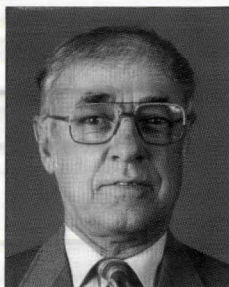
## President's Report

1986 with Central Iowa Power Cooperative (CIPCO) was a new experience for me as Chairman of the Board of Directors and a very eventful one for the members and staff. As you all know, we had been in a pool arrangement with Corn Belt Power Cooperative in anticipation of a merger between the two G & T's. We even had our annual meetings at the same time and place. Just prior to the annual meeting we were handed a notice from Corn Belt stating by Board action that they no longer wanted to continue the merger plans. The CIPCO Board accepted their decision but expressing a willingness to keep channels open for the future and realizing both G & T's may have a greater need and more advantages towards a merger at some later date. ■ During the time of these merger activities CIPCO had left several staff positions in the organization vacant. If a merger had been completed, the responsibilities of these staff people would have been shifted to existing personnel between the two organizations. Since the General Manager had returned to the Corn Belt organization, this meant also hiring a General Manager for CIPCO. Action was then taken to start a search of qualified professionals for these vacant positions. ■ Dennis Murdock was appointed Acting General Manager on July 1. He and the staff did a very fine job of getting the operation back in good working condition as we started to sort through many applications for the position of General Manager. Mr. Richard Arnold of Brighton, Colorado, was selected as General Manager and became part of the CIPCO organization on November 1, 1986. Now with his assistance we will complete the process of bringing the organization back to full staff and hope to do so in the near future. ■ Both our legal counsel and staff have been working very hard to bring several projects and agreements up-to-date. With power plants, transmission lines and partners, it takes a lot of paper work to keep up! ■ While we had some good news in power cost reduction, we also had some not so good news in the large increase of our liability insurance. The distribution cooperatives and municipals no doubt have had the same experience. We all need to work together very hard to produce some limits to reduce the exposure and, hopefully, the premiums. This problem is not ours alone as many groups besides the REC's are experiencing such increasing costs. ■ Financing for cooperatives seems to be changing, so we must keep alert and study needs for the future. By doing so we will continue to be able to meet the needs of our members efficiently and at the lowest possible cost. ■ CIPCO does rate well among other G & T's both financially and in power costs. You will note in the other reports that it is a sound organization and is meeting its obligations. ■ On December 19 a long term power requirements contract was signed with South Iowa Municipal Electric Cooperative Association (SIMECA). This was a very important step for both organizations. Our municipal cooperative is as valuable a member of the CIPCO system as each of our member distribution cooperatives, and we are glad to have this commitment from them. ■ CIPCO participates in the Iowa Area Development Group which is a joint economic development effort. We are very pleased with their first year of operation, as they are bringing new industry into Iowa for the good of our member cooperatives and our state. ■ The cooperation of the board and the staff has been appreciated, and we look forward to a good year in 1987 for CIPCO and for each member who makes CIPCO possible.

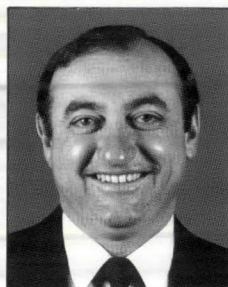
*James H. Kinschard*



**Franklin G. Walter**  
Adams County  
Cooperative Electric  
Company



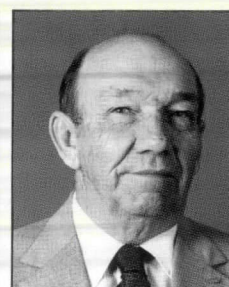
**Dean U. Flickinger**  
Benton County Electric  
Cooperative Association



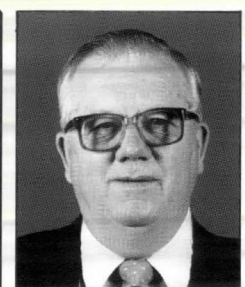
**Melvin W. Neil**  
Buchanan County Rural  
Electric Cooperative



**James W. Van Ryswyk**  
Clarke Electric  
Cooperative, Inc.



**Robert C. Schroeder**  
Eastern Iowa Light and  
Power Cooperative



**Daryl M. Scott**  
Farmers Electric  
Cooperative, Inc.





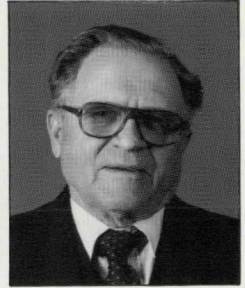
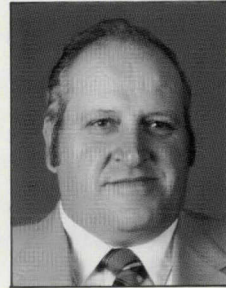
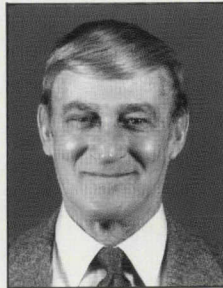
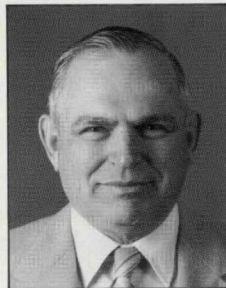
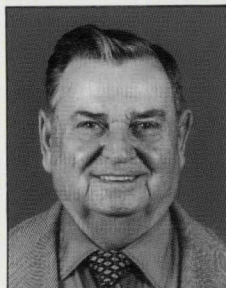
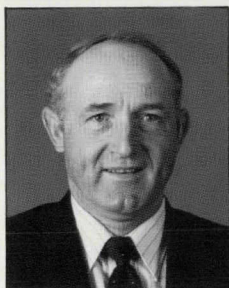
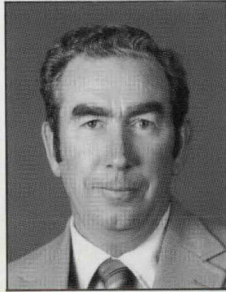
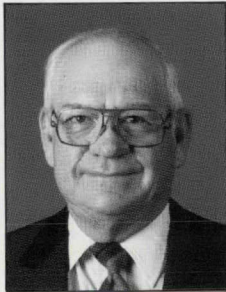
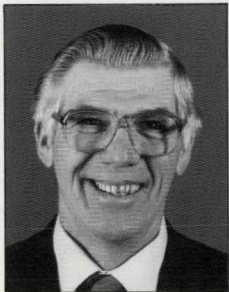
*"Financing for cooperatives seems to be changing, so we must keep alert and study needs for the future. By doing so we will continue to be able to meet the needs of our members efficiently and at the lowest possible cost."*

**James P. Wenstrand ■ President of the Board of Directors**  
Nyman Electric Cooperative

**John Heineman, Jr.**  
Vice President  
Greene County Rural  
Electric Cooperative

**Richard G. Mickelson**  
Secretary/Treasurer  
Rideta Electric  
Cooperative, Inc.

**Carl D. Horman**  
Assistant Secretary  
Treasurer  
Pella Cooperative  
Electric Association



**Joe O. Rohner**  
Guthrie County Rural  
Electric Cooperative

**James D. Jordan**  
Linn County Rural  
Electric Cooperative

**Joseph C. Armbricht**  
Marshall County Rural  
Electric Cooperative

**Dale R. Newman**  
Maquoketa Valley Rural  
Electric Cooperative

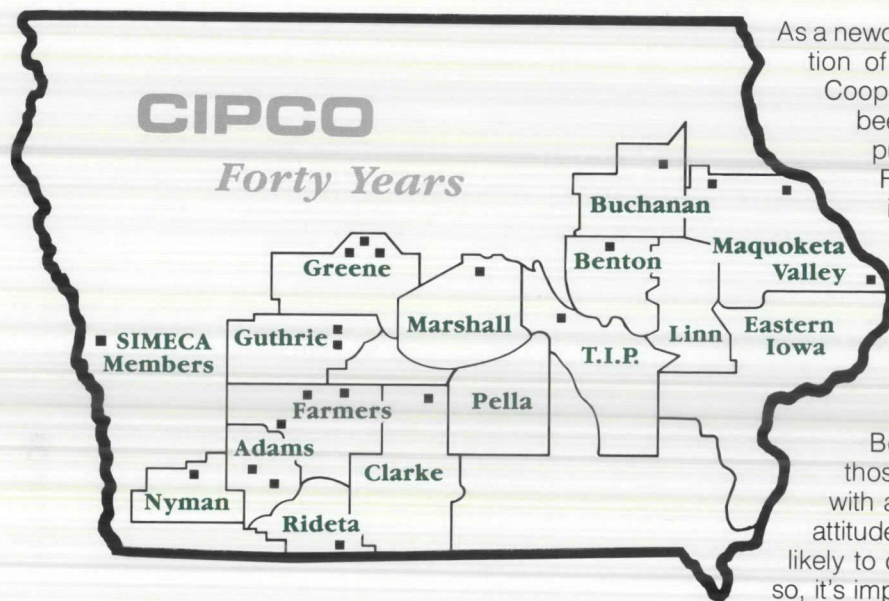
**Dale E. Hawkins**  
South Iowa Municipal  
Electric Cooperative  
Association

**Cecil Cranston**  
T.I.P. Rural Electric  
Cooperative



## Management Report

### General Manager's Report



As a newcomer to Iowa, I am pleased to join in the celebration of the 40th Anniversary of Central Iowa Power Cooperative. During the past 40 years, CIPCO has been practicing the basic cooperative principle of putting its member first. Although "We Put You First" has been the popular theme of our marketing program for only the last year and a half, it has been the unspoken idea behind rural electrification from the very beginning. **It's not only a good slogan, but more importantly, it is the best way of doing business.** ■ The basic philosophy behind the theme of putting members first is probably more important today than ever before. Why?

Because cooperatives everywhere, including those in the CIPCO system, are beginning to deal with a new kind of member; a member with different attitudes about many things. Today's member is more likely to challenge us and to question our motives. And so, it's important that we perform well. It's also necessary that we communicate effectively, so that our members understand and appreciate the benefits that come from receiving service from their own rural electric cooperative. We must rededicate our efforts to earn their trust and respect. ■ One of the reasons I wanted to join CIPCO was because of its reputation as a leader among generation and transmission cooperatives. It is known for a hard working staff, small in numbers, but strong in abilities. CIPCO's Board of Directors has earned recognition for its dedication and ability to confront difficult issues and make good decisions in a rapidly changing world. The distribution managers and their staffs, who make up the CIPCO system, exhibit a willingness to put aside their differences and work toward the accomplishment of common goals. There's little evidence of the mistrust that all too often typifies the relationship between distribution cooperatives and their G&T. ■ A companion publication, which captures the 40 year history of CIPCO, accompanies this year's Annual Report. That history is really a tribute to the hundreds of men and women who joined together to make the dream of rural electrification come true in Iowa. Unfortunately, it is not possible to recognize all who contributed so much to their neighbors and friends, but it does provide a means by which we can remember those who made it possible for rural Iowans to enjoy a better way of life. ■ As important as it is to remember the past, it is even more important that we look forward. While it is tempting to rest on our laurels, we must now move ahead. The challenges of the next forty years begin now — they are here today! While proud of our accomplishments, we must redouble our efforts to revitalize our service areas. We must continue to meet the electric energy needs of rural Iowa, but we must do far more than that. Somehow, we must find the way to provide job opportunities for our young people — at home. We must find new ways of meeting the needs of our members and make rural Iowa an even better place to live, work and play. ■ It is my belief that the first task before us, as we look to the future, is to carefully consider what we want CIPCO to be. We should move ahead by determining the role CIPCO will play in tomorrow's world. We must identify our corporate mission in light of changing conditions. We need a clear-cut set of goals and objectives that may be easily communicated to everyone associated with CIPCO. Forty years ago, it may have been adequate to have a single objective of "providing dependable electric service to our members at the lowest possible cost." That single objective, while still

stand and appreciate the benefits that come from receiving service from their own rural electric cooperative. We must rededicate our efforts to earn their trust and respect. ■ One of the reasons I wanted to join CIPCO was because of its reputation as a leader among generation and transmission cooperatives. It is known for a hard working staff, small in numbers, but strong in abilities. CIPCO's Board of Directors has earned recognition for its dedication and ability to confront difficult issues and make good decisions in a rapidly changing world. The distribution managers and their staffs, who make up the CIPCO system, exhibit a willingness to put aside their differences and work toward the accomplishment of common goals. There's little evidence of the mistrust that all too often typifies the relationship between distribution cooperatives and their G&T. ■ A companion publication, which captures the 40 year history of CIPCO, accompanies this year's Annual Report. That history is really a tribute to the hundreds of men and women who joined together to make the dream of rural electrification come true in Iowa. Unfortunately, it is not possible to recognize all who contributed so much to their neighbors and friends, but it does provide a means by which we can remember those who made it possible for rural Iowans to enjoy a better way of life. ■ As important as it is to remember the past, it is even more important that we look forward. While it is tempting to rest on our laurels, we must now move ahead. The challenges of the next forty years begin now — they are here today! While proud of our accomplishments, we must redouble our efforts to revitalize our service areas. We must continue to meet the electric energy needs of rural Iowa, but we must do far more than that. Somehow, we must find the way to provide job opportunities for our young people — at home. We must find new ways of meeting the needs of our members and make rural Iowa an even better place to live, work and play. ■ It is my belief that the first task before us, as we look to the future, is to carefully consider what we want CIPCO to be. We should move ahead by determining the role CIPCO will play in tomorrow's world. We must identify our corporate mission in light of changing conditions. We need a clear-cut set of goals and objectives that may be easily communicated to everyone associated with CIPCO. Forty years ago, it may have been adequate to have a single objective of "providing dependable electric service to our members at the lowest possible cost." That single objective, while still



of great importance, is simply not adequate to describe CIPCO's future direction. If done properly, the development of an overall strategic corporate plan will be challenging and time consuming. It will call for the best thinking of each director and manager in the CIPCO family. We need to fully utilize the tremendous talents and the diverse opinions and experience of our people. Carefully considered and agreed upon goals and objectives will be an important priority as we set our course for the future. ■

Many other organizational activities will be necessary to implement the goals and objectives established for CIPCO. For example, our present organizational structure will probably have to be revised to meet CIPCO's redefined role. Board policies and Administrative Procedures will need to be re-examined and appropriately revised. A more comprehensive Annual Work Program will become the basis

for the Annual Budget and proposed capital expenditures will be spelled out in advance. Budgetary control will be enhanced through responsibility accounting and departmental control. Greater emphasis will be placed on planning activities to develop effective short and long-range programs. Measurable standards will be established so that we may more clearly recognize our progress. ■ Together, we **will** keep up with changing times. The continuing cooperation of the Board of Directors and staff and the commitment of CIPCO's members will keep our organization strong for the next 40 years and beyond. Through our combined efforts, CIPCO and its members will continue to earn the reputation "We Put You First."



Richard Arnold ■ General Manager

*Richard L. Arnold*



## **Administrative Services Report**

**by Melvin Nicholas**

**Director of Administrative Services and Public Relations**

A number of significant changes within the CIPCO organization and the electric utility industry, in general, made 1986 a very interesting year in terms of work load in the department. The decision to terminate the CIPCO/Corn Belt pooling agreement and the loss of several key employees through resignation and retirement left the organization considerably understaffed. ■

**Personnel** We expended a lot of time and effort in an attempt to fill the vacancies in the organization. A number of positions remained vacant at the close of the year, and the duties and responsibilities associated with those positions were performed by existing personnel. However, we are continuing our search for individuals to fill these positions and are confident that the organization will be fully staffed later this year. ■

During the course of our effort to attract qualified, competent personnel to our organization, we determined that our wage and salary philosophy may have been somewhat deficient in terms of attracting the quality of personnel we needed in the organization. Consequently, we developed a comprehensive wage and salary plan designed to recognize the importance of each position in the organization and establish rates of pay accordingly. ■

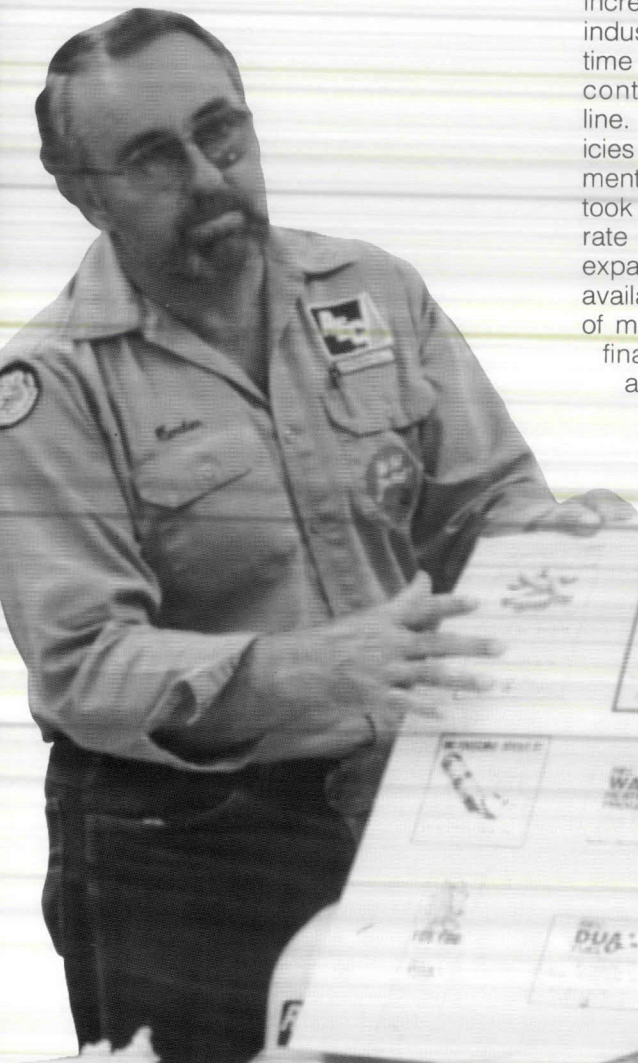
In an effort to streamline the personnel record keeping requirements, a computerized personnel file system was installed during the year. While it required a considerable amount of extra effort to develop and input the data base, it certainly has eliminated a lot of time-consuming manual labor activities and allowed considerable flexibility in data retrieval. ■

**Insurance** The insurance industry continued to undergo major restructuring during the past year in an effort to recapture some of its operating losses in prior years. Cost increases have been particularly acute with respect to liability coverages. Premium increases for this coverage were in the 800% range during 1986. Property coverages, while generally more stable, have been accompanied by increased deductibles and reduced coverage limits. ■

The cost of our Workmen's Compensation insurance increased by about 33%. This was generally as a result of losses incurred by the industry in general. We were fortunate in that we did not incur any on-the-job lost time accidents during the year and only three first-aid injuries. Hopefully, we can continue our excellent safety record and hold these insurance costs in line. ■

**Economic Development** During 1986 we continued to develop policies and programs geared to meet our goals and objectives in economic development. In addition to providing leadership in the Iowa Area Development Group, we took some positive steps within the CIPCO organization by developing a policy on rate discounts and financing for commercial and industrial load additions and expansions. A matter of particular importance is the fact that incentives made available through CIPCO and its member systems can be used in the computation of matching funds in order for business to qualify for various state and federal financing programs. ■

Our direct involvement in development projects also provided some insight into the complexity of providing electric service to the more sophisticated C&I consumers. Service reliability is particularly acute for those consumers with super sensitive computer control equipment which can fail in fractions



*Member Service Director Gordon Harris from Farmers Electric Cooperative in Greenfield, explains to representatives from other distribution cooperatives from throughout the CIPCO system how they are handling their heating programs. Since the conception of our marketing program input from key staff people at each of the member cooperatives has been essential. The marketing program has been a very successful team effort on the part of CIPCO and each of its distribution cooperatives because of this input.*



of a second. It should be noted that this problem is not exclusive to REC's but is a problem which impacts the electric utility industry in general. It is also an area which will continue to receive much attention throughout the industry as solutions to the problems are being developed. ■

**Marketing** The marketing programs are working and working well. This is true whether you base the evaluation on residential sector programs, economic development programs or our commitment to the municipal systems. While we may have come up a little short in terms of kWh sales, the resources were certainly in place to be very close to projection. The abnormally mild winter weather certainly held growth of sales in check. In addition, some of our significant C&I loads will not impact sales until 1987-88 as a result of the 18-24 month lag between project announcement and commercial operation. ■

After careful consideration and evaluation, we elected to terminate the joint marketing effort with Corn Belt as of December 31, 1986. There were a couple of primary reasons for this decision. First, we just did not have the manpower with the CIPCO organization to continue the joint effort. Secondly, there are some significant differences between the programs offered by CIPCO and Corn Belt which made the joint venture cumbersome. ■

**Public Information** The public information department has also had a very eventful year. Much of the work load of that department was directly related in efforts in the marketing department, particularly in the areas of promotion, advertising and education. A significant undertaking was the updating of the CIPCO history to recognize our fortieth year of operation. Also significant is the constant improvement in the Transmitter and its renewed focus on member systems and REC personnel. ■

This completes an overview of the Administrative Services department. More specific details on economic development, marketing and public information are included in other sections of this report. We look forward to a prosperous 1987.

## Marketing Report

by Craig Fricke  
Manager of Marketing

The "We Put You First!" Marketing Program has certainly come a long way since its inception in mid-1985. The research and planning carried out by the initial marketing committee and subcommittees led us into a successful year of promotion and sales in 1986. Success that could not have been achieved without hard work and commitment on the part of REC directors, managers and employees from across the CIPCO system. ■ Let's look at the results of our 1986 marketing efforts as they relate to the primary marketing objectives.

### **OBJECTIVE 1 - Stabilize Power Costs/Increase Energy Sales by 3% Annually.**

It is important to recognize this objective as an intermediate-term goal. Energy sales to member co-ops declined at an annual rate of 0.5% during the period from 1979 through 1984 and remained relatively stable in 1985 and 1986. Certainly, it is not realistic to think that this seven year sales trend will change immediately as a result of our marketing efforts. CIPCO's marketing committee is anticipating that it may take from three to five years to achieve this 3% sales growth objective. The results of our 1986 marketing efforts, as they relate to this objective, are summarized below. ■

**Water Heater Replacement Program** CIPCO's water heater replacement program was launched in January 1985 to offset mounting competitive pressure caused by depressed propane prices. The intent of this program is to maintain current water heater market share at the current level of approximately 67%. ■

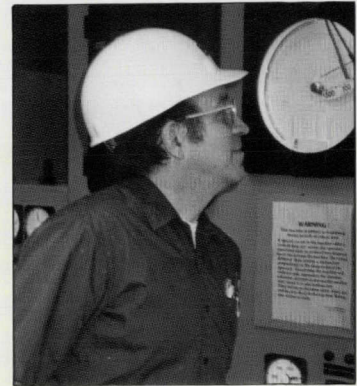
By year end, almost 1,700 water heaters had been replaced under this program. In 1986, a total of 947 water heaters were installed which represents a 30% increase over installations reported in 1985. ■

Some 93% of the water heaters installed have replaced old, inefficient electric models. The remaining 7% have replaced propane or fuel oil water heaters or have been installed in new home construction. ■

**Dual Fuel Space Heating Program** The dual fuel program was developed to provide a competitive space heating alternative for our members and afford us an opportunity to maintain and increase our space heating market share. ■

CIPCO's member co-ops began publicizing the availability of the dual fuel program to their members early in 1986. By year end, a total of 479 dual fuel systems had been installed. CIPCO's goal for 1986 was to install 466 units. The marketing team can certainly be proud of this accomplishment! ■

Results of the 1986 dual fuel promotion demonstrate the importance of recapturing kWh sales from members who were under-utilizing their electric space heating systems. About



**Bob Varner**  
Results Engineer

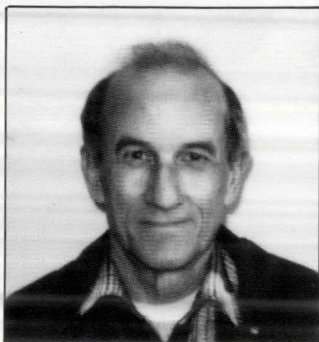
*"I've been results engineer since '83. I'm in charge of operations — we have 15 operators — that means safety and training also. We keep the plant running. I've worked at Fair for 23 years when I began as auxiliary operator. I like working in power generation. Electricity is very necessary. Fair is a good steady place to work. It's clean and very economical. I think that we work as a good team here. We need to work together."*



**George Ohm**  
Lake Panorama Supervisor

*"I came to Lake Panorama when only the 7th house was being built (today there are over 450). I like my job. I've been out here so long I don't know what else I'd do. After 16 years I feel a part of the Lake. I do lots of things here — but I don't think about them, I just do them. I do think I like the agricultural area of my job best. I grew up on a farm and I've always been in ag somehow."*





**Dick Wiley**  
Chief Fuel Handler

*"In the coal yard we unload barges and reclaim coal to the power plant. In 1986 we unloaded approximately 125,000 tons or \$3.5 million worth of coal. Between Eastern and CIPCO I will have worked 33 years in September. The first five were spent at Wilton and then I came to Fair in 1959.*

*Fair is a wonderful place and a great group of employees. I've seen Fair when we were down to 5 or 6 MW at night to where today, right now, we're running 62 MW. So you can see how we've grown. When we first bought coal it was a little over \$4 a ton, now its \$30 to \$31."*



**Tom Fremi**  
Assistant Foreman

*"It was really a challenge when I became assistant foreman almost eight years ago. I began to see the job from all aspects. I was not only responsible for people and their safety but I began to look at the job from a management point — paying attention to details and understanding the engineering aspect of the jobs we were doing. We think our crew here in the Creston area does a great job and we feel very responsible about providing good service."*

70% of the dual fuel program participants had been burning wood to supplement their home's heating needs from 35% to 50% or more during recent years. Research conducted two years ago indicated that annual energy sales to electrically heated homes decreased by some 20% during the period from 1977 through 1984. The 1986 dual fuel program has certainly made great inroads toward reversing this trend of decreasing electric heating energy sales.

■ **Interruptible Space Heating Program** The interruptible program was established to provide a means of maintaining current electric heating market share. This program is primarily intended for those members who currently have an electric heating system and do not want to participate in the dual fuel program. A total of 278 interruptible systems were installed in 1986. ■ The interruptible program has afforded us an opportunity to obtain increased energy sales from underutilized electric heating equipment. In addition, it has had a very positive impact on member relations. It offers an affordable alternative to those long-time electric heat users who are not in a position to invest in a secondary heating system.

#### **OBJECTIVE 2 - Encourage Off-Peak Sales**

In order to obtain long-term rate stability, we must improve utilization of our existing generation, transmission and distribution facilities. This can best be accomplished by encouraging off-peak sales as we work to achieve our first objective of increased energy sales. ■

As dual fuel, interruptible and water heater loads are added to the system, we are building a block of controllable load which can be utilized to increase system efficiency in the future. The magnitude of this load based on installations reported through December 1986 is approximately 7 MW. This represents about 2% of CIPCO's peak demand. ■

The results of our 1986 heat pump promotional programs were somewhat disappointing. With the dual fuel program in place, the heat pump option became less attractive from the co-op and member's point of view. As a result, only 32 water source heat pumps and 2 add on heat pumps were installed.

#### **OBJECTIVE 3 - Maintain and Improve Member Credibility and Satisfaction**

As a successful marketing team, we must strive to maintain and improve member satisfaction and our cooperative's image. In addition to providing reliable and economical electric service, we must stress the value of this service and continue to review additional services which can be provided to the benefit of our members. ■

Advertising is one means by which we can communicate to our members the value of our product and encourage them to participate in our marketing programs for the benefit of all concerned. ■

In 1986, CIPCO implemented the shared dollars advertising program to encourage member co-ops to enhance their promotional programs by allowing them to double their advertising strength. These funds were used for such things as newsletter, newspaper and radio advertising, as well as direct mailings and bill stuffers.

#### **OBJECTIVE 4 - Strengthen Marketing Capabilities of REC Personnel**

Comprehensive training programs are an important part of any marketing effort. We must foster teamwork if we are to market our product and services successfully. This requires active involvement and support from directors, management and employees. ■

In 1986, CIPCO co-funded two training programs which were presented by Mary Harding at each member cooperative's headquarters facility. These sessions were designed to inform directors, managers and employees about our marketing programs and activities. Almost 400 people from the CIPCO system attended the spring and fall programs. ■

The spring training program was designed to provide employees and management with an overview of CIPCO's marketing planning activities and a basic understanding of the marketing process. The fall follow-up sessions were developed to inform participants of the details of our programs and demonstrate how they can actively participate in their cooperative's marketing activities. ■

CIPCO also sponsored a sales seminar tailored specifically to meet the needs of our member service advisors. The purpose of the seminar was to give participants an opportunity to brush up on their sales techniques and communications techniques.

#### **OBJECTIVE 5 - Determine Potential for Additional and More Efficient Uses of Electricity in Agriculture**

The importance of the agricultural market sector is demonstrated by the fact that ag related energy usage accounts for some 25% of CIPCO's total system load. We realized during our strategic planning process that very little detail was known about how energy is being used in the ag market sector. In an effort to fill this data void, CIPCO and Corn Belt Power Cooperative jointly applied for and received a \$40,250 research grant from the Exxon Overcharge Restitution Program administered by the State of Iowa. The purpose of this research project is to demonstrate the collection



and analysis of agricultural energy use data in order to identify opportunities for efficiency improvements. Results of this research will ultimately allow us to evaluate and implement improved energy service programs in the agricultural sector. ■ The 1986-87 marketing committee named by the CIPCO managers

group are: Marty Gardner, Benton County REC; Jack Schmoll, Eastern Iowa Light & Power; Dave Weaklend, Farmers Electric Cooperative; Pat Murphy, Guthrie County REC; Gary Tingwald, Marshall County REC; Don Peterson, Nyman Electric Cooperative; Phil Visser, Pella Electric Cooperative; Melvin Nicholas, CIPCO and Craig Fricke, CIPCO. ■ In 1987, CIPCO's marketing team will continue to move

forward on a progressive track. Emphasis will be placed on 1) increased advertising and promotion of existing marketing programs, 2) development of enhanced and expanded programs based on systematic, ongoing market research and 3) continuation of marketing education and training programs for REC directors and employees. ■ Through teamwork, we must continue to foster a "We Put You

First", service-oriented attitude among all REC directors and employees. By constantly striving to achieve complete member satisfaction, long-term success will be inevitable.

### ***Iowa Area Development Group Report*** **by Jack Bailey — Director of Economic Development**

In 1986, IADG developed and assisted the following projects which were located on a member system.

Company	Location	Process	New Employees	New Load (MW)
Iowa Assemblies	Afton	auto parts	80	1.1
Advanced Foods	Iowa Falls	soy protein	20	1.5
Green Products	Conrad	cob grinding	15	2.0
Iowa Food Farms	Coon Rapids	vegetables	8	0.025
Rose Acre Farms	Winterset	fresh eggs	110	5.5
IBP	Manchester	pork	1200	7.0
Tube-Tech	Vinton	metal fabrication	20	1.0
Iowa Mold & Tool	Garner	metal fabrication	18	0.
			1471	18.125

CIPCO and its Board of Directors have made a commitment to encourage economic growth in Iowa - in particular in REC territories and on REC lines. The Iowa Area Development Group (IADG) was formed along with two other Iowa G&Ts — Corn Belt Power Cooperative and North West Iowa Power Cooperative — and the municipal associations associated with the power suppliers to coordinate economic development activities within the service area of the participants. ■ As the

first year of our business development group, the IADG, came to a close, here are some of the results, strategies for 1987 and some trends taking place in the development and site selection process. ■ In 1986 several industries were located within the CIPCO service area. Iowa Assemblies which produces auto parts

selected a site near Afton which is served by Rideta Electric.

Rose Acre Farms, the 2nd largest producer of eggs, started construction on a new facility which is served by Farmers Electric.

Iowa Beef Producers announced intentions to build a plant near Manchester in the Maquoketa Valley REC service territory. Tube Tech, a metal fabrication plant, located in an industrial park in Vinton served by the Benton County Electric Cooperative.

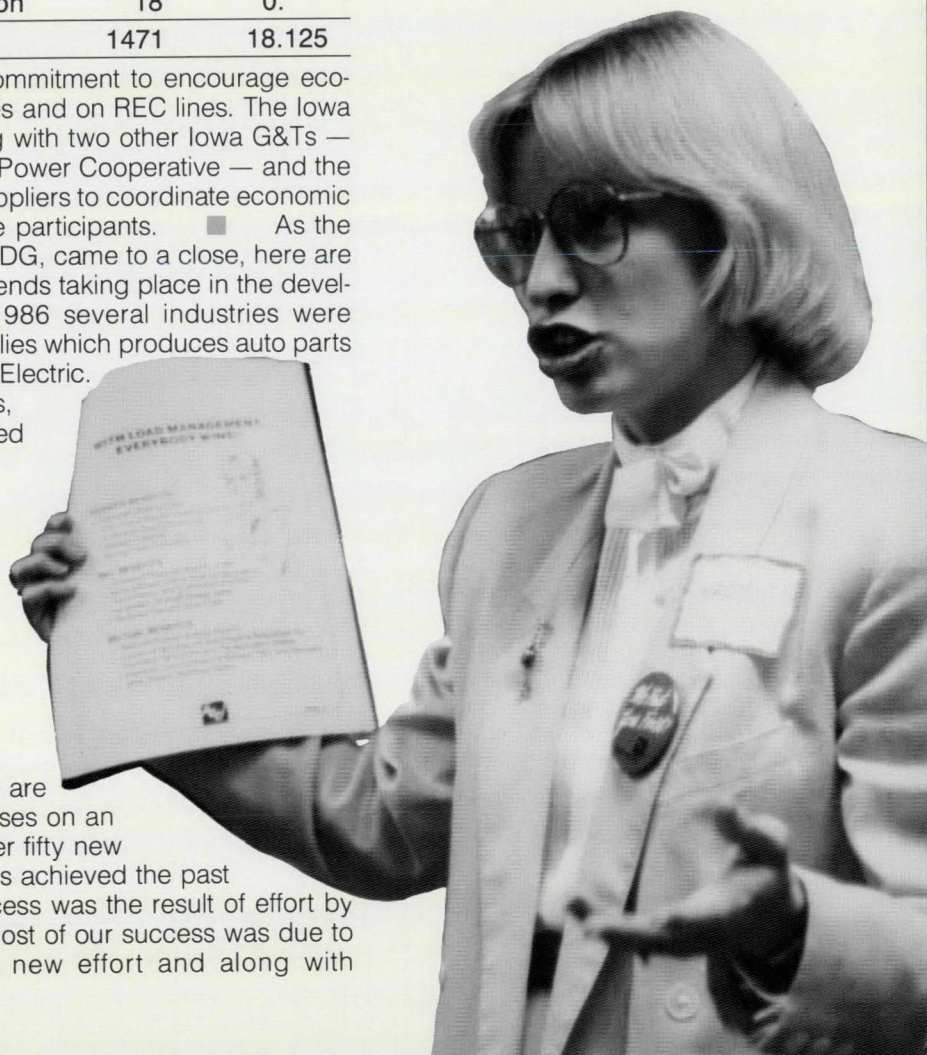
■ During the past year the IADG also developed six projects which ultimately selected a site or building not on a member system.

These businesses add jobs for Iowans, many of them REC members. Several use agricultural products. ■ As we move into a new year we are

currently working on over nineteen existing businesses on an expansion or new product and have developed over fifty new prospective business projects. ■ The success achieved the past

year exceeded our expectations. Some of our success was the result of effort by local community and development organizations. Most of our success was due to members of the IADG who responded to this new effort and along with

*Freelance Media Consultant Mary Harding from Rockwell City, Iowa visited cooperatives throughout the CIPCO system to train management, employees and directors about the new marketing programs being implemented. Mary gave a Spring and a Fall Training program to over 400 people.*





IADG staff, mobilized into a viable team. ■ Much of our first year has been spent in publicizing our existence to both lowans and business prospects. We held several Open Houses to meet lowans in government, business and industry, media and for our R.E.C. family. In addition print ads in selected Iowa publications and four color print ads in selected national/international business publications were published.

We also spent time developing a data base to include pertinent information about available sites and buildings throughout the IADG area. This information is used to quickly sort for desired locations according to client needs. ■ In August the

CIPCO Board of Directors approved an economic development policy which includes provisions for up-front financing, declining rate discounts or a combination of both. It is intended to enhance the efforts to attract new commercial and industrial loads or expand existing ones. ■ The primary

objectives associated with the implementation of this policy are to increase kWh sales, stabilize power costs and create new employment in our local communities. ■ CIPCO's

representatives to the IADG Economic Development Committee are Richard Arnold, General Manager, and John Heineman, CIPCO Director

from Green County R.E.C.

CIPCO's representatives to the IADG

Administrative Committee are Melvin Nicholas, Director of Administrative Services and Public Relations; George Berry, SIMECA; and Stanley Roberts, General Manager, Adams County Electric. ■ Based

upon research and trends we will be focusing, but not limiting our efforts in 1987 in the areas of Food Processing and Products, Manufacturing, Transportation, Distribution and Telecommunications and Information Services. ■ Our advertising

will be concentrated in trade and industry publications of these targets. In addition we will be exhibiting the IADG message at various trade shows. ■ Two trends have

become apparent. Since 1980 employment in non-metropolitan areas fell by 580,000 jobs. In contrast, metropolitan employment increased by 180,000 in the same period. ■ In 1985, the

median non-metropolitan family income was 27% less than those families living in the cities. ■ If these trends

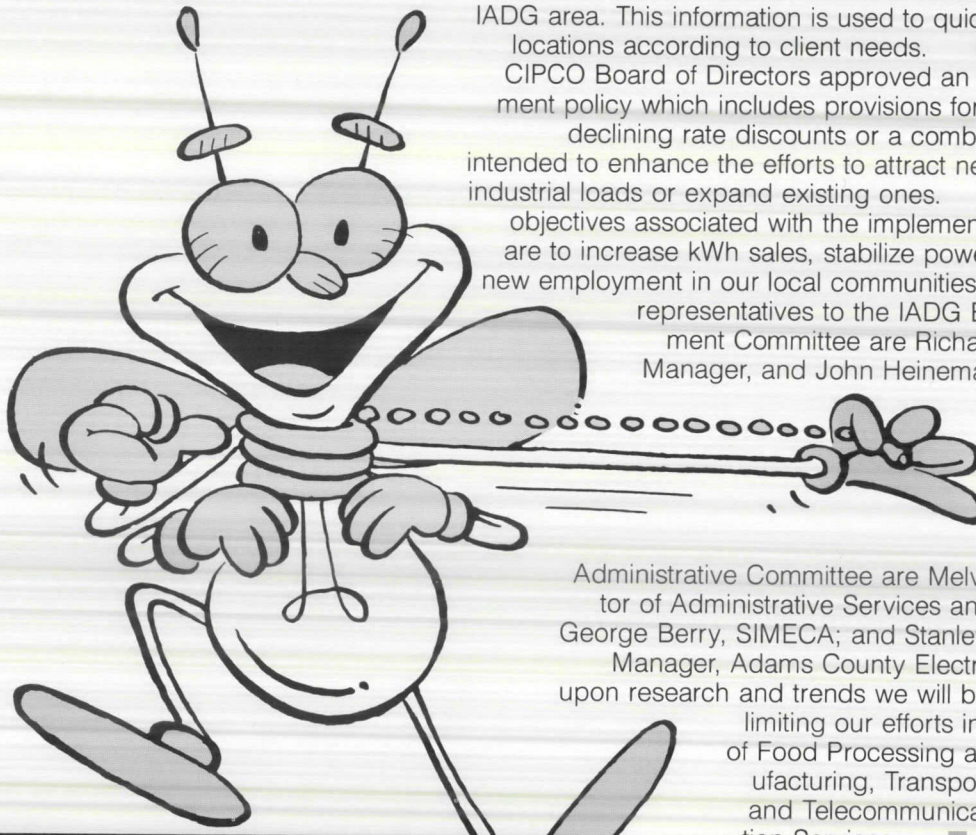
continue, rural Americans and the service industries which serve them are destined to return to their status as an economic underclass. And more and more of our members will be drawn to possible economic opportunities in the cities. ■ This is our challenge as

we strive to develop new economic

opportunities in rural Iowa and the communities which serve rural lowans. ■ Trends also indicate that facility planners - those who make the

decision where to locate new facilities - are increasingly looking towards the advantages offered by rural areas. In a new study released by *Area Development Magazine*, decision makers are ranking housing availability and costs, quality public schools, low crime rates, highway accessibility, labor costs and state and local incentives as increasingly very important in selecting sites for new facilities. ■ Each of these plays to Iowa's strengths and that is a positive trend on

which we can build a rural renaissance in the heartland.



**Energy Use Advisor Marvin Marek** from Maquoketa Valley REC is shown with a group of third graders after giving them his safety presentation. Marv features the Louie film "Play It Safe Around Electricity", and Louie's safety tips as well as giving a demonstration on types of wiring and fuses. The Louie Safety Program is new and available for loan from the CIPCO Public Information Department. CIPCO and its member systems are the first rural electric utilities in Iowa to use the program.



## Public Information Report

by Kathy Staskal

Manager of Public Information

The Public Information Department of CIPCO provides many services to our member systems - publications, slides, information materials, advertising materials and displays to name a few. Our function is unique to CIPCO in that its services are in the areas of marketing support, member information and promotion materials, generation and transmission information and personal attention to the communication needs of the fifteen rural electric cooperatives who own us. ■ The department also provides internal services such as an employee newsletter and other employee publications. ■ Highlights of this department during 1986 are:

- Marketing promotional materials for the 'We Put You First' program were developed throughout the year based on cooperative needs. Of prime importance were the development of brochures, displays, ads, personnel training and promotional materials in conjunction with the Marketing Department.
- The 'We Put You First' travel mug introduced in 1985 continued to be a popular promotion item. Altogether, over 40,000 cups were purchased and distributed throughout Iowa by not only CIPCO and its cooperatives, but by approximately 20 other distribution and 2 G&T cooperatives in the state. The travel mugs are a joint promotion with Casey's General Stores. All Casey stores will fill these REC mugs with coffee for only one dime as long as the cups are available.
- Progress was made on an updated audio visual library. These materials are available for loan to the CIPCO distribution cooperatives. The materials are focused on safety and energy education for their members. Many are primarily for school presentations, but there is a variety for almost any audience. ■ Of special interest is the Louie the Lightning Bug Electrical Safety Program. CIPCO added a film, video, presentation materials and a Louie costume to this library. It has been a very popular safety program and the interest is growing. CIPCO is now one of over 100 utilities nationwide using this program which was developed by Alabama Power, and the first REC system in Iowa.
- The Communications and Member Services Committee was reinstituted for the first time this year since 1983. This committee is essential in providing first-hand input from our distribution cooperatives on the function and goals of the Public Information Department. This 1986-87 committee was selected by the CIPCO Managers Group. Members are: Joe Freml, Member Service Director, Adams County; Richard Petersen, Member Service Director, Buchanan County; Roger Wieck, Assistant Manager, Greene County; Phyllis Barber, Staff Assistant and Editor, Linn County; Dan Bohlke, Manager, Marshall County; Larry Hopkey, Manager, Rideta Electric; and from CIPCO, Craig Fricke, Manager of Marketing and Member Services and myself.
- During 1986 CIPCO was also a participant in the preparation of an REC statewide exhibit at the Farm Progress Show. Host electric utility Marshall County REC, offered their complimentary exhibit space to rural electrics statewide. I was elected chair of the statewide committee on Marshall County's behalf. The 1986 show was cancelled due to wet weather conditions, but it will be held in 1987 at the same location in Alleman, Iowa.

During 1987 the Public Information Department will focus again on the the internal needs of CIPCO and the external needs of our distribution cooperatives. It is important that this department remain flexible and reactive to the needs of our distribution cooperatives and their members. It is from the people of our cooperatives that we get our research of their communication/member service needs. We are then able to provide the services necessary and meet our responsibility to provide accurate, quality communications in the areas of information and promotion.

## Generation Report

by Gary Sharp

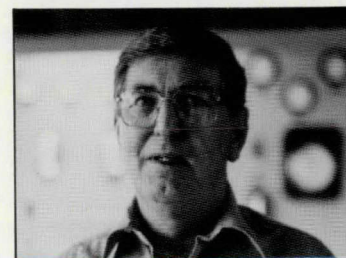
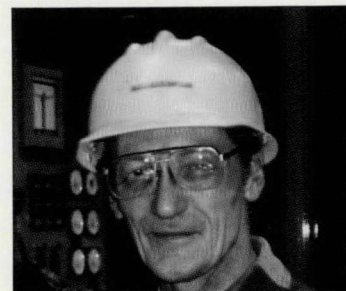
Manager of Production

Overall, the CIPCO generation had a good year in 1986. CIPCO's generation consists of Fair Station, Summit Lake Station and ownership share of Council Bluffs Unit #3 (11.5%), Louisa (4.6%) and the Duane Arnold Energy Center (20.0%). ■ The nuclear-fueled Duane Arnold Energy Center (DAEC) had an excellent year. It ran at full capacity, and there was no need for an '86 refueling. It had only a 4.0% forced outage rate and generated 39.8% of the energy require-

### Roger Ewald

Auxiliary Engineer

*"I've been here at Fair 19 years and I've enjoyed the security of the job and working conditions. I work inside and it's a job where I can use my mental abilities. My job consists of checking the boiler, motors, various pumps, greasing equipment, checking oil levels and watching for potential problem areas. I also see that the ash is moved from the boiler by operating various controls."*



### Dick Jessen

Relief Operator

*"I began here in 1967 when we were operating full time. I first started as a coal handler, then moved to an auxiliary operator, to boiler operator, and now I'm Relief Operator, 3rd Year which is as high as I can go in classification. I can help or relieve in all areas except for the control room. Yes, we have a good relationship as employees here at Creston. We all get along."*



ments for the year. ■ Louisa Station, CIPCO's newest generation source, had its best year since going on line in late 1983. Our share of the unit, is 4.6% and equivalent to almost 30 MW. Louisa supplied 7.9% of CIPCO's required kilowatt hours for 1986. The forced outage rate of the plant was less than 1%. ■ Fair Station units #1 and #2 had a very good year with very few forced outages. They were able to generate 17.3% of CIPCO's needs, which is only one-half of one

#### *Capacity Summary*

Unit	Fuel	MW	% of Total
DAEC	Nuclear	108	27.2%
Council Bluffs #3	Coal	80	20.2%
Louisa	Coal	30	7.6%
Fair	Coal	66	16.6%
Summit Lake	Oil/Gas	96	24.1%
<b>Total Owned Capacity</b>		<b>380</b>	<b>95.7%</b>
WAPA Purchase	Hydro	17	4.3%
<b>Total Capacity</b>		<b>397</b>	<b>100.0%</b>

percent behind the record setting year of 1985. The 29 employees at this station did an excellent job of not only supplying a significant portion of CIPCO's needs, but maintained the cleanest coal fired plant in the state. ■ Summit Lake, our oil-fired peaking plant located in Creston, was called on very little during 1986, supplying only 0.1% of our requirements. This is our most complex plant with a variety of generation — steam,

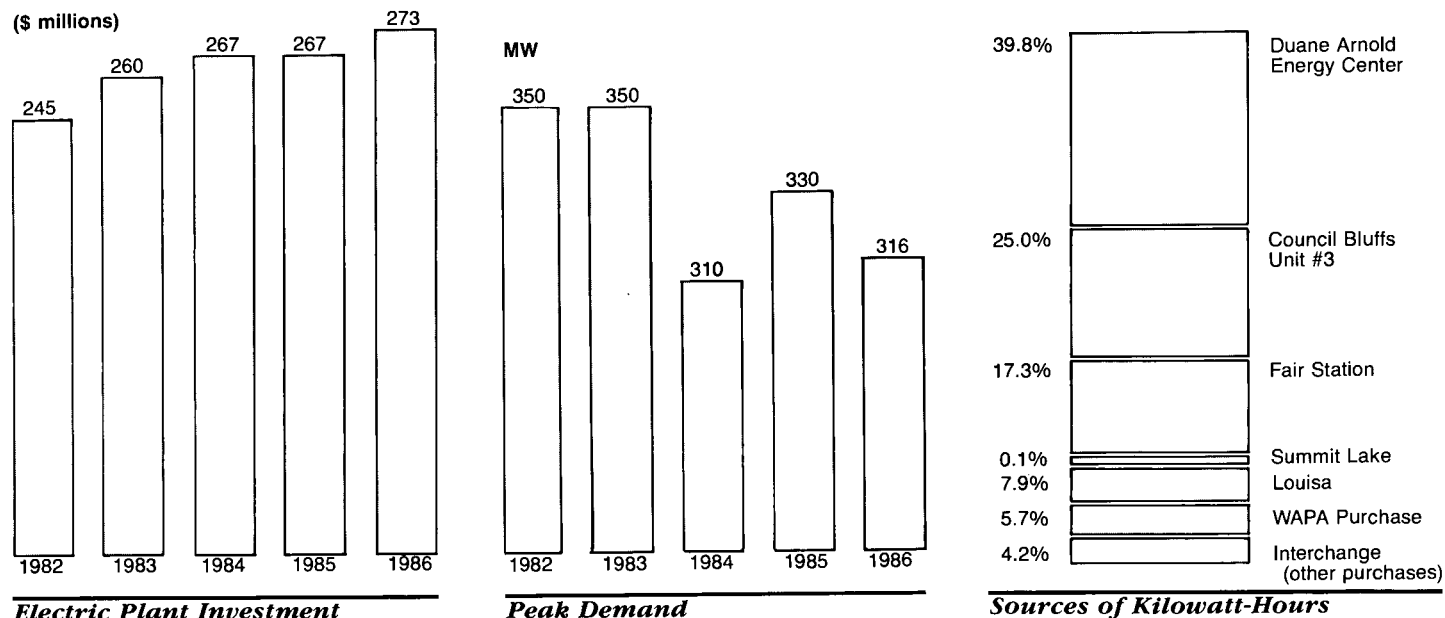
oil and natural gas. Our skeleton staff of 11, 5 of which are utilized in the control room-dispatching operation, must be knowledgeable about all these processes to bring them on line when necessary. As a peaking plant, the units are idle most of the time, but are maintained in top notch condition, ready to run when dispatched during peak demands for electricity. ■ The only unit that did not perform as well as expected was Council Bluffs #3. A coal silo explosion occurred on December 31, 1985, that reduced the output of CB #3 to two-thirds of capacity. It remained that way until March 24, 1986, when sufficient repairs had been accomplished to allow the unit to return to full output. The other major outages at CB #3 were due to boiler tube leaks, failure of one of the turbine rotor shaft bearings and a major leak in a steam line. The unit finished the year with a 13% forced outage rate but was still able to furnish 25.0% of CIPCO's kilowatt hour requirements for the year.

■ The Western Area Power Administration (WAPA), which is responsible for operation of the federal dams on the Missouri River, supplied 5.7% of our 1986 energy requirements. This energy was our most economical source, and we took all that was available to us. ■ One of the highlights of 1986 was that fuel costs at our coal-fired plants decreased rather than increased, as had been the trend. During the year,

*Operating areas within the CIPCO system were defined early in the year and supervisors assigned to each area. From left to right are Wayne Lincoln, Supervisor of the Wilton area; Mike Swift, Supervisor of the Creston Area, Pella Area and western portion of the IE-CIPCO Integrated Area; Jim Scott, Supervisor of the eastern portion of the IE-CIPCO Integrated Area; and CIPCO Manager of Operations, Richard Anderson.*

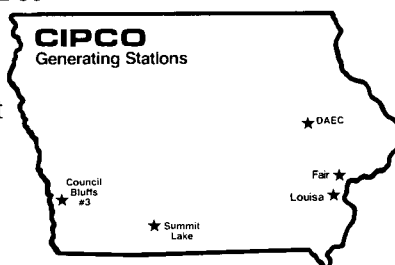






coal cost at CB #3 decreased over 5%, Louisa decreased over 23%, and Fair Station decreased 4%. This was certainly a welcome trend at a time when everything else seemed to be escalating in price. The decreases at CB #3 and Louisa were due to railroad freight rate reductions caused by competition in the railroad industry, and the decrease at Fair was because of lower spot coal prices and lower barge shipping rates. □ ENEREX, an Iowa dispatch group consisting of five investor-owned utilities as well as CIPCO and Corn Belt, continued to dispatch power in the most economical manner during the year. It is planned to go a step further in 1987 and have ENEREX be a single control area and actually control the output of the generators from the ENEREX office in Des Moines.

□ We are continuing to monitor any proposed acid rain legislation, as it could have a significant effect on our power costs. We continue to push for a program that protects the environment without becoming a burden on the economy.



## Operations Report

by Dick Anderson  
Manager of Operations

The Operations Department is responsible for transmission line engineering and construction, as well as maintenance and operation of 2,000 miles of electric transmission line and 28 transmission substations spread across the state of Iowa. □ In addition to the vitally important routine maintenance and operation activities, in 1986 a considerable amount of time was spent organizing, identifying problems and planning improved system maintenance programs for the future. □ Some minor benefits have already been seen from some of these programs. The overall system power supply outage hours per consumer was down slightly from 1.39 outage-hours-per-consumer in 1985 to 1.13 outage-hours-per-consumer in 1986. This was accomplished through a dedicated effort by department personnel even though strong wind and lightning storms, which repeatedly hit the western and central areas of the system during the summer of '86, were much more severe than anything experienced in 1985. □ While overall system outage time was down, some member co-ops experienced much higher than average outage rates. These areas are being focused on and efforts made to reduce the number and length of outages system-wide. At one time a short infrequent outage may have been acceptable to our members. However, today, with the increasing use of sophisticated electronic equipment and computers by our farm members, as well as our commercial and industrial members, even a "blink of the lights" is objectionable. □ The Board of Directors, management and staff recognize the need of our members to have improved service and have committed to a strong





**Dick Buck**  
Control Room Operator

*"Being a Control Room Operator is like being a watchdog and traffic cop. We monitor the flows and maintain the voltage system. I enjoy my job. There is a sense of responsibility that goes with it. When we go on line, we can start the gas turbines right here with the computer. It's not difficult to put the system on line but procedures have to be followed closely."*



**Donald Dausfeldt**  
Serviceman Technician

*"I check all transmission relays in the Fair Station plant and area substations. The Wilton transmission crew does all the maintenance on 161 and 69kv breakers for this area — that's 6 transmission subs and 29 breakers. Plus we do metering, installation and repair over 360 miles of transmission line and other duties. We also help out in the integrated system. We have 8 outside people here — so we're busy all the time. Everyone except one is a full fledged journeyman. We have a pretty talented group and we can do just about anything from communications to any sort of transmission line work."*

reliable system for the future. □ Toward this end, early in the year management recognized that the key to any effective operation is its people and implemented organizational changes which better utilized personnel expertise. Operating areas were refined and operating supervisors were assigned to each area. □ Mike Swift was assigned Supervisor of the Creston Area, Pella Area and western portion of the Iowa Electric-CIPCO Integrated Areas. Along with support from a well-experienced staff located at Creston, Swift coordinates and supervises all CIPCO operations in the service areas of Adams, Nyman, Clarke, Farmers, Rideta, Greene, Marshall, Guthrie and Pella. □ Wayne Lincoln continued as Supervisor of the Wilton Area and was given additional substation and metering responsibilities in the eastern portion of the Iowa Electric-Interstate-CIPCO Integrated Areas. With support from a service-oriented staff at Wilton, Lincoln supervises day-to-day operations of the CIPCO facilities in the service area of Eastern Iowa Light and Power Cooperative and is responsible for substation technical support and metering in the service areas of Linn, Maquoketa, Benton, Buchanan and T.I.P. □ Jim Scott was assigned Supervisor of the eastern portion of the Iowa Electric-Interstate-CIPCO Integrated Area. Scott, along with support from the Wilton area staff, is responsible for overall day-to-day operations in the service areas of Maquoketa, Linn, Benton, Buchanan and T.I.P. □ While geographic areas of responsibilities are assigned, overall system responsibility is recognized by staff in all areas in support of an overall one-system approach. □ The Board recognized the members' need for improved service reliability by funding several maintenance programs for 1987. These programs were initiated at the first "Annual Maintenance Meeting" which was held during the summer of 1986. Personnel from all operating areas were brought together to develop our future maintenance plans. Among the programs initiated at that first meeting were a systematic pole inspection and treating program on approximately 130 miles of line per year, a major line maintenance program which will "overhaul" our worst operating 25 miles of line each year, a sectionalizing switch inspection and maintenance program, a "Doble" power factor testing program to test insulation at our substations, a "infrared" inspection program to inspect connections on switches and substations, improved substation inspection scheduling and record keeping, a more organized and cost effective right-of-way clearing program, improved annual line inspections and record keeping, improved outage reporting and investigation program, as well as others. □ Staff also concentrated on improved service reliability for our members in 1986. Immediate attention was directed toward our worst operating area—the Integrated System. Approximately one-half of the CIPCO transmission system is integrated with the transmission system of Iowa Electric Light and Power Company. In this area, operations and maintenance of the CIPCO facilities are done by Iowa Electric. Most of the lines in the area are unshielded 34.5 kV lines which were part of the original system. Efforts were being made in the 1970's to convert this system to a shielded 69 kV system as a result of the rapid load growth experienced during that time. However, in the early 1980's, as load growth declined and revenues fell, the conversion plans, as well as much routine maintenance, was deferred in an attempt to reduce budgets. As a result of those deferrals, increased operating problems have been experienced in the Iowa Electric-CIPCO Integrated System. Efforts are now being made to address and solve those problems. □ In July an "Iowa Electric-CIPCO O&M Study" was initiated to improve operations and maintenance in the Iowa Electric-CIPCO Integrated System. Unlike many studies which conclude in a detailed report on what action is to be taken, this study began immediately to identify problems and offer solutions. Among those areas being studied are improvement of the Annual Line Inspection, a Maintenance Planning Worklist to track repair work on the several thousand of miles of line in the joint system, a switch maintenance program, a more accurate outage reporting system by which "first outage" causes could be identified in an attempt to prevent a second outage for the same cause, a pole inspection program on Iowa Electric lines, a capacitor bank inspection program, an increase in the New-To-Replace-Old program on Iowa Electric lines, improvement in switching procedures and timing, emergency transmission switching by REC crews, as well as others. □ As mentioned, several improved maintenance activities are being planned for the future. However, without the continued day-to-day routine maintenance activities across the entire CIPCO system, any new programs will be ineffective. In 1986, over 30,740 trees were trimmed or cut, 406 acres of additional right-of-way was cleared or sprayed, 247 bad-order poles were changed-out, 205 crossarms were changed-out, major maintenance was done on 26 power transformers and 57 high voltage circuit breakers, 8 sectionalizing switches were added or



replaced, 52 billing meters were accuracy tested, along with a host of other activities including insulator and arrester change-outs, relay and oil testing, pole straightening, road moves, etc. □ In line improvements, 240 arresters were installed on the Corning to Carbon Junction 34.5 kV line in an attempt to reduce service interruption to industrial loads on that line. Results thus far have not achieved total expectation; however, the project has reduced significant line damage from lightning and reduced service interruption to momentary blinks. This line section will continue to be monitored and studied on an experimental status to investigate ways to economically minimize service interruption. □ In substation improvements, a second grounding transformer was added at the Guthrie Junction 161/34 kV Station and the Grand Junction 161/115/34 kV Station to help provide better automatic sectionalizing by the circuit breakers, new 34 kV switched capacitor banks were installed to stabilize voltage at the Tiffin REC and Paton REC stations, new MOV type arresters were installed at several stations in the Creston and Wilton system as part of the New-To-Replace-Old (NTRO) arrester program, three new SF6 gas circuit breakers were installed at the Grand Junction 161/115/34 kV Station as part of the NTRO breaker program, and new microwave equipment was installed at Fairport, Port Louisa, Muscatine South and Newport subs. □ Also in 1986 a PCB retrofit program was started to reduce liability from accidental oil spills or leaks. A new Iowa State Utilities Board Inspection plan was developed and filed with the Utilities Board to assist in complying with those rules. An agreement was signed with Iowa Southern Utilities Company for routine and emergency repair work in the CIPCO Pella System, an area which previously did not have local repair crews available. □ No summary of 1986 transmission operations would be complete without a comment about the special operating help and assistance received daily from our "family" of member co-ops and consumer members. Help from our member managers by identifying problem areas. Help from our member operating people with emergency switching, line inspections, outage reports, meter reading and so many other things. Help from the consumer member who calls to report a tree burning in the line or a broken guy wire or grants an easement for a new transmission line. All these things help us do our job better. With a total "team" effort all the way from the CIPCO Board of Directors to the ultimate member, we in Operations feel optimistic about improved service reliability in the future.

*The first in Iowa! Articles to incorporate Rural Visions Cooperative were signed January 22 of '87 during a nationwide broadcast, making this the first Iowa telecommunications cooperative. Eastern Iowa Light and Power Cooperative General Manager Gordon Meistad was interviewed by Ames WOI-TV host Terry Bynum during the program. Meistad explained how Rural Visions Cooperative will operate in Iowa.*

### **Engineering Report** by Dale Krohse Manager of Engineering

The Engineering Department is responsible for system planning and substation engineering and construction. □ Due to the CIPCO/Corn Belt Pooling Agreement and personnel retirement, the Engineering Department was without staff in 1986. I was recently hired as Manager of Engineering and am interviewing applicants for other vacancies in the areas of substation design, protective relaying, communication and planning. It is anticipated that people can be found with experience in more than one of these areas. □ In 1986 the Engineering Department duties were handled by the Operating Department. While available time was limited, some progress was made as evidenced by the Operations Department report. □ System planning also continued in 1986. With load growth flat, or with only a slight increase, and in view of the recent heavy emphasis on improved reliability, system planning is now concentrating on planning new facilities for improved service reliability as well as for load growth.





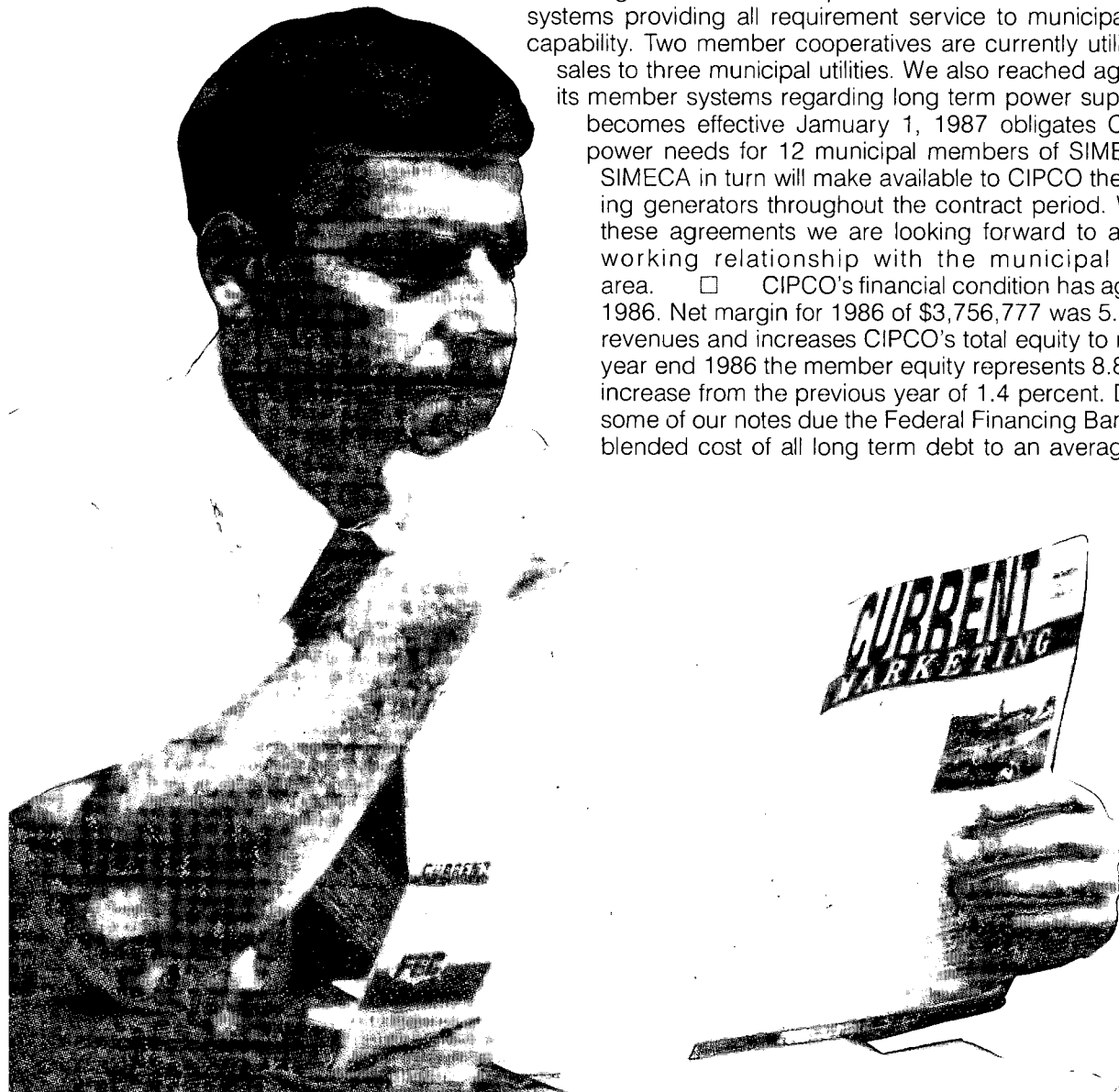
□ In the Integrated System, where facilities planning is done jointly with Iowa Electric Light and Power Company, a 25-year long-range plan will be developed on an area by area basis. With this approach, implementing a plan for any area could be slowed down if growth or service interruption is minimal, likewise, implementation could be escalated if a new load suddenly develops or if service reliability worsens. □ While an area by area 25-year plan will take time to complete, some progress has already been made. The plan for the "Northeast Area" involving facilities of CIPCO, Iowa Electric and Interstate Power and including the general area from Dubuque to Dundee to Monticello was recently completed and engineering on the proposed new facilities for that area has begun. □ In other areas of the system, joint planning continued with several other utilities where we have interconnected facilities.

### **Financial Review**

**by Dennis Murdock**  
**Assistant General Manager**

*Gary Tingwald, Member Services Director from Marshall County REC is intent on NFEC's newsletter, **Current Marketing**. With the marketing program, more emphasis is being placed on development of actual load statistics and possible ways to increase market share in this sector.*

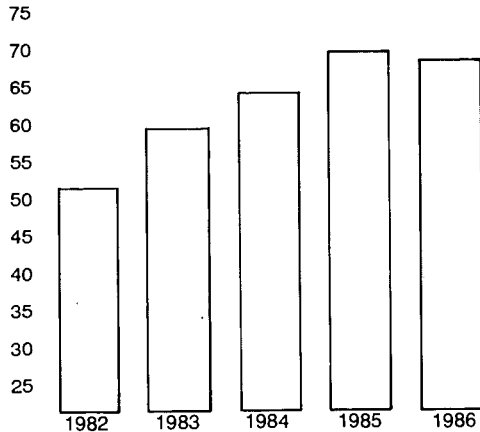
Energy sales for the year 1986 were slightly less than the levels experienced in 1985 and 1984 reflecting the sluggish Iowa economy. It appears that the current energy requirements of our member systems have stabilized at a level which is three percent below that of 1979. The resulting revenue per kilowatt hour delivered to all requirement members in 1986 averaged 4.58 cents. This average rate is 2-tenths of a cent less than that charged in 1985. A more detailed review of the 1986 rate indicates that the increase in the fixed cost rate component above the 1985 level was more than offset by a decrease in the fuel and energy costs. □ During 1986 negotiations were completed and a new rate schedule was offered to member systems providing all requirement service to municipal systems with generating capability. Two member cooperatives are currently utilizing this rate schedule for sales to three municipal utilities. We also reached agreement with SIMECA and its member systems regarding long term power supply. This Agreement which becomes effective January 1, 1987 obligates CIPCO to provide the total power needs for 12 municipal members of SIMECA for a ten year period. SIMECA in turn will make available to CIPCO the output of its various peaking generators throughout the contract period. With the implementation of these agreements we are looking forward to a continuation of our close working relationship with the municipal utilities in our service area. □ CIPCO's financial condition has again shown improvement in 1986. Net margin for 1986 of \$3,756,777 was 5.5 percent of total operating revenues and increases CIPCO's total equity to nearly 22 million dollars. At year end 1986 the member equity represents 8.8 percent of total assets, an increase from the previous year of 1.4 percent. During 1986 we refinanced some of our notes due the Federal Financing Bank (FFB) which reduced the blended cost of all long term debt to an average rate of 7.1%. Additional



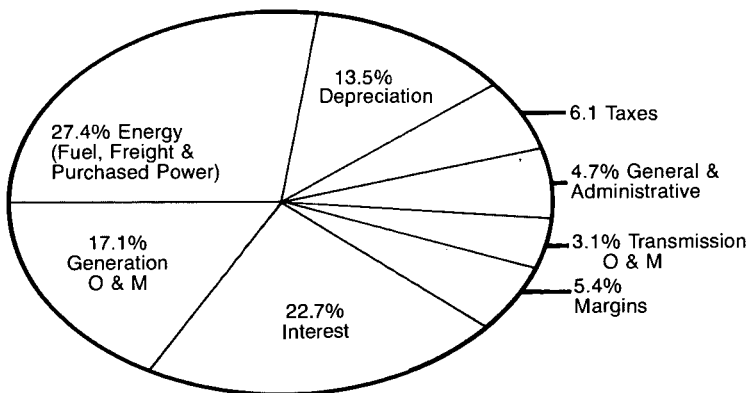


indicators of financial strengths include a significant increase in current assets, a decrease in current liabilities and a net increase in long term debt of only 1 percent. The financial gains experienced in 1985 and 1986 will have a positive effect on future rates by minimizing fixed cost requirements. □ The CIPCO financial statements for the years 1986 and 1985 are presented on the following pages. These statements have been audited by the accounting firm of Peat, Marwick, Mitchell & Co. and include a statement of opinion and several notes. You are invited to review these statements and notes and you are encouraged to contact us with any questions that may arise.

\$ Millions

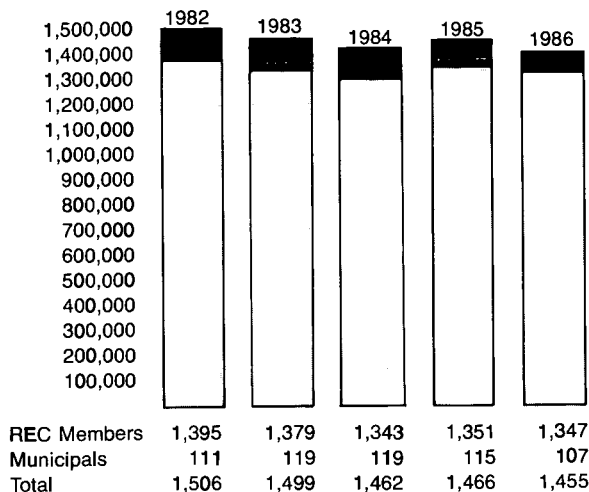


**Operating Revenue**



**1986 Operating Expense (including interest)**

REC Members Municipals



**Energy Sales (MWh)**

## David Mohr

Transmission Coordinator

"Our method of keeping records has changed drastically with the use of the PC. I can see lots and lots of potential with the computer. We keep records for the Iowa State Commerce Commission and keep up with the requirements by utilizing the PC. Plus we use the PC for line construction options for various conductors and basic maintenance records. We can use these records to review the history of what we've done and help evaluate our future needs. We have standardized software in both of our transmission offices."



## Melvin Birt

Substation Electrician Foreman

"It's a challenging job as substation electrician foreman — there's something different coming up all the time. Things have changed a lot through the twenty five years I have been here. For instance the metering has changed from ink style to mag metering and now there are new methods we're looking into. We cover a bigger area and we have so many more substations today. When we do the meter testing it takes approximately two hours per substation. We test meters every four years — so we do one-fourth of the meters every year. There are 2 meters in every sub and approximately 100 subs in the western area."



## *Financial Report*

- ☐ Accountants' Report
- ☐ Balance Sheets
- ☐ Statements of Revenue and Expense
- ☐ Statements of Members' Equity
- ☐ Statements of Changes in Financial Position
- ☐ Notes to Financial Statements



## ■ Accountants' Report



Peat, Marwick, Mitchell & Co.  
Certified Public Accountants  
1000 Davenport Bank Building  
220 Main Street  
Davenport, Iowa 52801

### **The Board of Directors Central Iowa Power Cooperative:**

We have examined the balance sheets of Central Iowa Power Cooperative as of December 31, 1986 and 1985, and the related statements of revenue and expense, members' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Central Iowa Power Cooperative at December 31, 1986 and 1985 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Peat, Marwick, Mitchell & Co.*

March 6, 1987



## ■ Balance Sheets

December 31, 1986 and 1985

	1986	1985
<b>Assets</b> (note 4)		
<b>Electric utility plant, at cost</b> (notes 2 and 7):		
In service	\$269,007,844	260,145,282
Less accumulated depreciation	87,743,979	79,748,319
	181,263,865	180,396,963
Construction work in progress	4,280,390	6,457,405
Nuclear fuel, at cost less accumulated amortization of \$20,859,459 in 1986 and \$17,558,390 in 1985	11,545,772	11,028,442
Net electric utility plant	197,090,027	197,882,810
<b>Investments, at cost:</b>		
Investments in associated organizations	11,209,252	9,260,046
Other investments	81,063	81,063
Total investments	11,290,315	9,341,109
<b>Current assets:</b>		
Cash, general	484,483	158,423
Cash, construction	11,183	11,183
Temporary investments, at cost, which approximates market	14,789,308	3,500,000
Accounts receivable, members	5,772,876	7,227,019
Other receivables, primarily from affiliate in 1985	391,057	3,279,556
Fuel, materials and supplies	5,095,061	6,220,854
Prepaid expenses	951,705	736,580
Interest receivable	106,350	59,976
Deferred charges	1,697,685	3,949,234
Total current assets	29,299,708	25,142,825
<b>Deferred charges</b>	11,591,849	12,522,126
	\$249,271,899	244,888,870
<b>Capitalization and Liabilities</b>		
<b>Capitalization:</b>		
Members' equity:		
Membership fees	\$ 1,700	1,700
Patronage capital	4,677,209	3,677,209
Other equities (note 3)	17,149,735	14,392,958
Total members' equity	21,828,644	18,071,867
Long-term debt, excluding current installments (note 4)	215,331,259	213,309,618
Total capitalization	237,159,903	231,381,485
<b>Current liabilities:</b>		
Current installments of long-term debt (note 4)	4,107,516	3,880,349
Accounts payable	3,666,737	4,884,939
Accrued property taxes	4,060,386	4,205,821
Other accrued expenses	177,357	236,276
Advances from members	100,000	300,000
Total current liabilities	12,111,996	13,507,385
<b>Commitments and contingent liabilities</b> (note 8)		
	\$249,271,899	244,888,870

See accompanying notes to financial statements.



## ■ *Statements of Revenue and Expense*

Years ended December 31, 1986 and 1985

	1986	1985
<b>Operating revenue:</b>		
Electric energy sales	\$ 65,424,442	69,103,025
Rent of electric property	2,012,483	1,825,235
Miscellaneous electric revenue	223,704	204,679
Total operating revenue	67,660,629	71,132,939
<b>Operating expenses:</b>		
Purchased power	3,228,972	10,651,421
Operations:		
Production plant — fuel	15,757,440	13,646,143
Production plant — other	7,705,348	7,817,966
Transmission plant	1,081,339	1,305,132
Maintenance:		
Production plant	4,151,077	3,825,699
Transmission plant	1,098,112	974,748
Administrative and general	3,231,141	3,073,865
Depreciation and amortization	9,385,798	8,008,010
Property and other taxes	4,222,102	3,994,490
Total operating expenses	49,861,329	53,297,474
Net operating margin	17,799,300	17,835,465
<b>Other revenue:</b>		
Patronage capital allocations	152,057	230,083
Interest income	1,389,981	620,620
Miscellaneous income — principally from affiliated cooperative	184,570	183,605
Total other revenue	1,726,608	1,034,308
Net margin before interest charges	19,525,908	18,869,773
<b>Interest charges:</b>		
Interest on long-term debt	16,077,522	14,924,420
Allowance for borrowed funds used during construction	(308,391)	(424,135)
Net interest charges	15,769,131	14,500,285
Net margin	\$ 3,756,777	4,369,488

See accompanying notes to financial statements.



## ■ *Statements of Members' Equity*

Years ended December 31, 1986 and 1985

	<b>Membership fees</b>	<b>Patronage capital</b>	<b>Other equities</b>	<b>Total members' equity</b>
Balance at				
December 31, 1984	\$ 1,700	3,677,209	10,023,470	13,702,379
Net margin	—	—	4,369,488	4,369,488
Balance at				
December 31, 1985	1,700	3,677,209	14,392,958	18,071,867
Net margin	—	—	3,756,777	3,756,777
Patronage capital allocated	—	1,000,000	(1,000,000)	—
Balance at				
December 31, 1986	\$ 1,700	4,677,209	17,149,735	21,828,644

*See accompanying notes to financial statements.*



## ■ *Statements of Changes in Financial Position*

Years ended December 31, 1986 and 1985

	1986	1985
<b>Sources of working capital:</b>		
Net margin	\$ 3,756,777	4,369,488
Items that did not use (provide) working capital:		
Depreciation and amortization	8,559,977	8,084,488
Amortization of deferred charges	3,745,434	3,674,659
Amortization of nuclear fuel	3,301,069	2,084,603
Patronage capital allocations not received in cash	(152,057)	(230,083)
Working capital provided by operations	19,211,200	17,983,155
Proceeds from long-term borrowings	6,758,631	28,482,184
Receipt of prior years' patronage capital allocations	172,341	649,030
	<b>\$26,142,172</b>	<b>47,114,369</b>
<b>Uses of working capital:</b>		
Additions to electric utility plant, net	7,249,864	9,223,497
Investments in associated organizations	1,969,490	469,300
Addition to deferred charges, less cancelled project costs of \$9,265,271 in 1985	2,815,157	295,138
Investment in nuclear fuel	3,818,399	1,691,576
Payment of nuclear fuel disposal liability	—	4,735,981
Current installments and repayment of long-term debt	4,736,990	17,904,105
Increase in working capital	5,552,272	12,794,772
	<b>\$26,142,172</b>	<b>47,114,369</b>
<b>Changes in components of working capital:</b>		
Increase (decrease) in current assets:		
Cash	326,060	(103,067)
Temporary investments	11,289,308	3,500,000
Accounts receivable, members	(1,454,143)	873,028
Other receivables	(2,888,499)	3,061,200
Fuel, materials and supplies	(1,125,793)	(491,804)
Prepaid expenses	215,125	14,053
Interest receivable	46,374	17,424
Deferred charges	(2,251,549)	3,249,234
	<b>4,156,883</b>	<b>10,120,068</b>
Increase (decrease) in current liabilities:		
Current installments of long-term debt	227,167	(30,920)
Accounts payable	(1,218,202)	125,706
Accrued property taxes	(145,435)	56,544
Other accrued expenses	(58,919)	(147,264)
Advances from members	(200,000)	(2,678,770)
	<b>(1,395,389)</b>	<b>(2,674,704)</b>
Increase in working capital	<b>\$ 5,552,272</b>	<b>12,794,772</b>

See accompanying notes to financial statements.



## ■ *Notes to Financial Statements*

---

December 31, 1986 and 1985

### □ (1) **Summary of Significant Accounting Policies**

#### **(a) Basis of Accounting**

The accounting records of Central Iowa Power Cooperative (the Cooperative) are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Electrification Administration. Central Iowa Power Cooperative is an electric generation and transmission cooperative providing wholesale electric service to its seventeen members. The Cooperative is not subject to external rate regulation other than by the Rural Electrification Administration.

Distribution of margins of the Cooperative are made in accordance with the provisions of the Code of Iowa.

#### **(b) Electric Utility Plant**

Depreciation of electric utility plant in service is provided over the estimated useful lives of the respective assets on the straight-line basis.

During 1985, a study was performed to estimate the costs to decommission the Duane Arnold Energy Center (DAEC). Based on the results of the study, the Cooperative estimated that its portion of the costs to decommission the DAEC will be approximately \$31,000,000 (in 1985 dollars) which is projected to begin in 2011. The present value of the future decommissioning costs is being recovered over the remaining life of the DAEC using the sinking fund method and has been included with depreciation.

Maintenance and repair of property and replacements and renewals of items determined to be less than units of property are charged to expense. Replacements and renewals of items considered to be units of property are charged to the property accounts. At the time properties are disposed of, the original cost, plus cost of removal less salvage of such property, is charged to accumulated depreciation.

#### **(c) Allowance for Funds Used During Construction**

The allowance for funds used during construction represents the estimated cost, during the period of construction, of borrowed funds used for construction purposes. The composite rates used to calculate the allowance approximated 8.1% for 1986 and 9.6% for 1985.

#### **(d) Nuclear Fuel**

The cost of nuclear fuel, including capitalized interest and taxes, is being amortized to fuel expense on the basis of the number of units of thermal energy produced in relationship to the total thermal units expected to be produced over the life of the fuel. Nuclear fuel expense includes a provision for estimated spent nuclear fuel disposal cost which is being collected currently from members.

#### **(e) Fuel, Materials and Supplies**

Fuel, materials and supplies are stated at moving average cost.

#### **(f) Pension Plans**

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

#### **(g) Deferred Charges**

Deferred charges consists principally of cancelled project costs, major maintenance and other fuel costs incurred during the refueling of the nuclear reactor and a one time fee for spent nuclear fuel used to generate electricity prior to April, 1983. These costs are being recovered through rates over various amortization periods. . .

### □ (2) **Electric Utility Plant in Service**

The major classes of electric utility plant in service at December 31, 1986 and 1985 and depreciation and amortization for 1986 and 1985 are as follows:

	Cost at December 31,		Depreciation and amortization		Composite rates (%)
	1986	1985	1986	1985	
Intangible plant	\$ 267,093	266,087	9,648	9,622	3.10-4.00
Production plant	206,546,801	199,655,258	5,998,204	5,689,393	3.10-3.85
Transmission plant	58,098,905	56,631,271	1,463,823	1,424,715	2.75
Distribution plant	454,256	454,256	12,914	12,914	2.75-2.88
General plant	3,640,789	3,138,410	236,555	192,958	3.00-16.00
Electric utility plant in service	\$269,007,644	260,145,282	7,721,144	7,329,602	
Decommissioning provision			838,833	754,886	
			\$ 8,559,977	8,084,488	

### ☐ (3) Other Equities

Other equities consists of the following:

	December 31,	
	1986	1985
Unallocated margin	\$ 3,756,777	4,369,488
Reserve for contingent losses	11,283,203	7,913,715
Surplus	2,109,755	2,109,755
	\$ 17,149,735	14,392,958

### ☐ (4) Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	1986	1985
Rural Electrification Administration (REA) — 2% and 5% mortgage notes payable, due in quarterly installments approximating \$1,480,000, including interest, maturing through June 2019	\$ 79,345,277	82,161,662
Federal Financing Bank (FFB) — 7.319%- 14.043% mortgage notes payable, guaranteed by the Rural Electrification Administration (REA), maturing from December 2010 through 2020	101,206,437	94,941,646
National Rural Utilities Cooperative Finance Corporation (CFC) — 7% mortgage notes payable, due in quarterly installments approximating \$489,000, including interest, maturing from December 2006 through April 2009	12,870,476	13,141,140
National Rural Utilities Cooperative Finance Corporation (CFC) — 7.25% notes payable, due in quarterly installments approximating \$175,000, including interest, through March 31, 2020	9,000,199	9,044,675
Central Iowa Power Cooperative members — 7% unsecured notes payable, due in quarterly installments approximating \$56,000, including interest, until maturity on January 2, 2006	2,351,883	2,409,514



**(4) Long Term Debt, (continued) —**

	December 31,	
	1986	1985
City of Council Bluffs, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) — 4.70%-6.125%, due in annual installments through December 1, 2007	4,120,000	4,220,000
Louisa County, Iowa Pollution Control Revenue Bonds guaranteed by National Rural Utilities Cooperative Finance Corporation (CFC) — 6.75%-10.625%, due in annual installments through December 15, 2003	3,875,000	3,970,000
Eastern Iowa Light and Power Cooperative — 7% note payable, due in annual installments through 1986	—	176,271
Eastern Iowa Light and Power Cooperative — capital lease obligation, 2% and 5% due in quarterly installments approximating \$170,000, including interest, through 2012	6,669,503	7,125,059
Total long-term debt	219,438,775	217,189,967
Less current installments, net of advance payments	4,107,516	3,880,349
Total long-term debt, excluding current installments	\$215,331,259	213,309,618

The aggregate maturities of long-term debt for the five years ending December 31, 1991 are as follows: 1987, \$4,107,516; 1988, \$4,775,267; 1989, \$5,127,940; 1990, \$5,346,427; and 1991, \$5,493,277.

At December 31, 1986, the Cooperative had unadvanced funds available from long-term loans approved by FFB of \$23,952,000.

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

**□ (5) Pension Plans**

The Cooperative participates in a multi-employer pension plan (the plan) which covers substantially all employees. The accumulated plan benefits and plan net assets of the plan are not determined or allocated separately by individual employer. Pension expense amounted to \$177,000 in 1986 and \$184,000 in 1985.

**□ (6) Income Tax Status**

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

**□ (7) Jointly-Owned Electric Utility Plant**

The Cooperative's share of jointly owned generating facilities at December 31, 1986 is reflected in the following table. The Cooperative is required to provide financing for its share of the units. The Cooperative's share of expenses associated with these units is included with the appropriate operating expenses in the statement of revenue and expense.

Unit	Percentage ownership	Capacity MW	Electric utility plant, net
Duane Arnold Energy Center	20.0%	102	\$67,608,015
Council Bluffs Unit #3	11.5%	80	29,972,131
Louisa Generating Station	4.6%	30	27,563,502

---

☐ **(8) Commitments and Contingent Liabilities**

The Cooperative has entered into an agreement to guarantee all costs associated with and payable to the National Rural Utilities Cooperative Finance Corporation for loans made to an associated cooperative. At December 31, 1986, the associated cooperative had outstanding loans of approximately \$4,522,000 (\$4,011,000 long-term, \$511,000 short-term) which are secured by real estate of the associated organization.

The Cooperative has entered into a five-year coal supply contract with a mining company through 1989. The terms of the agreement require the Cooperative to purchase annually a minimum of 75,000 tons at an estimated 1987 delivery price per ton of \$27. This is approximately 65% of the annual coal requirements of the Cooperative's 55 MW unit at the Fair Generating Station.

Under the Price-Anderson Act, all nuclear power station operators are subject to public liability for a nuclear incident which is currently limited to \$650 million per incident. Coverage of the first \$160 million is provided by private insurance with the balance provided by retrospective premium assessments against each licensed nuclear unit in the United States. As a joint owner of the DAEC, the Cooperative is a party to the insurance policies covering such nuclear incidents which are maintained by Iowa Electric Light and Power Company (70% owner and operator of DAEC) and is charged for its proportionate share of such insurance costs. In the event of an incident at any nuclear plant in the United States in excess of \$160 million, the Cooperative could be assessed a maximum of \$1,000,000 per incident, with a maximum assessment of \$2,000,000 in one year.





**Stanley Roberts**  
Adams County  
Cooperative Electric  
Company



**Martin Gardner**  
Benton County Electric  
Cooperative Association



**Glenn Maynard**  
Buchanan County Rural  
Electric Cooperative



**Gary Stuva**  
Clarke Electric  
Cooperative



**Gordon Meistad**  
Eastern Iowa Light &  
Power Cooperative



**Patrick Murphy**  
Guthrie County Rural  
Electric Cooperative



**Kim Colberg**  
Linn County Rural  
Electric Cooperative



**John Parham**  
Maquoketa Valley Ru  
Electric Cooperative

## 1986 Member Cooperative Operating Statistics

	Adams	Benton	Buchanan	Clarke	Eastern	Farmers	Greene
<b>Summary Of Operations</b>							
Operating Revenue	2,087,972	3,895,653	5,254,156	4,113,647	20,795,008	5,795,034	6,903,472
Purchased Power	1,243,652	2,648,663	3,584,652	2,497,572	13,577,031	4,001,365	4,505,574
Operating Expenses	475,171	664,787	806,146	942,405	3,238,799	939,305	1,146,675
Depreciation	140,859	160,582	254,383	276,177	1,136,031	293,084	447,127
Tax Expense	44,900	67,026	79,435	106,294	340,867	89,938	124,751
Interest Expense	173,202	245,417	333,689	334,006	1,231,399	364,390	367,631
Total Cost - Electric Service	2,077,783	3,786,475	5,058,306	4,156,454	19,524,127	5,688,082	6,591,758
Operating Margins	10,189	109,179	195,851	(42,806)	1,270,881	106,952	311,714
Non-operating Margins & Capital Credits	92,705	134,043	121,308	82,851	906,312	135,079	217,881
Patronage Capital or Margins	102,894	243,221	317,158	40,045	2,177,193	242,031	529,596
<b>Assets and Other Debits</b>							
Total Utility Plant	5,348,458	7,163,619	10,118,136	11,413,116	41,357,660	10,775,924	15,307,441
Accumulated Depreciation & Amortization	1,421,182	1,904,013	2,280,439	3,440,623	9,981,892	2,950,497	4,224,766
Net Utility Plant	3,927,276	5,259,606	7,837,698	7,972,493	31,375,768	7,825,427	11,082,676
Property & Investments	700,651	815,780	980,642	781,622	9,734,726	1,161,257	1,390,823
Current & Accrued Assets	541,915	838,710	296,103	1,253,959	10,309,986	1,159,543	1,416,381
Deferred Debits	31,272	15,013	24,238	10,732	657,605	18,550	28,397
Total Assets	5,201,113	6,929,109	9,138,680	10,018,806	52,078,085	10,164,777	13,918,276
<b>Liabilities and Other Credits</b>							
Margins & Equities	1,522,586	2,714,569	3,155,259	3,026,251	15,911,988	3,554,049	5,714,833
Long Term Debt	3,472,211	4,076,873	5,065,802	6,545,692	33,551,971	6,090,579	7,672,700
Current & Accrued Liabilities	187,314	120,595	891,593	413,773	2,238,864	511,886	528,642
Deferred Credits	19,003	17,072	26,026	33,090	375,262	2,273	2,100
Total Liabilities	5,201,113	6,929,109	9,138,680	10,018,806	52,078,085	10,164,777	13,918,276
<b>Other Statistics</b>							
Miles of Line	800	936	1,233	1,742	4,352	1,756	1,627
Members Served	1,765	3,220	3,409	4,142	18,727	4,631	5,038
Members Per Mile	2.2	3.4	2.8	2.4	4.3	2.6	3.1
kWhs sold per Member	14,578	16,280	22,054	11,999	14,812	19,594	18,343
MWh Sales	25,731	52,422	75,182	49,702	277,387	90,742	92,412
Annual Revenue per Member	1,183	1,210	1,541	993	1,110	1,251	1,370
Plant Investment per Member	3,030	2,225	2,968	2,755	2,208	2,327	3,038

## System Managers



**David Weakland**  
Farmers Electric  
Cooperative

**D. Reed Kline**  
Greene County Rural  
Electric Cooperative



**Daniel Bohlke**  
Marshall County Rural  
Electric Cooperative

**Kenneth Stone**  
Nyman Electric  
Cooperative

**Philip Visser**  
Pella Cooperative  
Electric Company

**Larry Hopkey**  
Rideta Electric  
Cooperative

**Darrel Heetland**  
T.I.P. Rural Electric  
Cooperative

Guthrie	Linn	Maquoketa	Marshall	Nyman	Pella	Rideta	T.I.P.	Total
4,125,649	9,388,494	13,955,791	4,468,852	1,641,267	2,387,532	2,260,630	5,996,633	93,069,791
2,382,988	6,436,040	10,141,691	2,972,082	1,010,574	1,557,046	1,423,461	3,771,260	61,753,651
799,024	1,569,102	1,901,562	882,074	406,204	465,425	454,658	1,163,564	15,854,901
223,446	372,461	559,585	261,164	82,003	105,529	159,788	260,795	4,733,015
68,680	171,971	207,080	74,943	32,224	40,899	49,578	98,544	1,597,129
309,009	536,301	569,487	243,889	96,060	112,995	129,097	449,971	5,496,543
3,783,147	9,085,875	13,379,405	4,434,152	1,627,065	2,281,894	2,216,582	5,744,135	89,435,239
342,503	302,619	576,386	34,700	14,202	105,638	44,048	252,499	3,634,554
145,526	250,524	545,076	146,342	66,612	72,280	64,665	231,960	3,213,164
488,028	553,143	1,121,462	181,042	80,814	177,918	108,713	484,459	6,847,717
9,205,295	14,992,888	20,852,221	8,113,563	3,244,333	4,037,652	6,111,174	10,885,070	178,926,551
2,923,691	4,261,926	6,640,106	2,454,962	1,075,881	1,410,845	2,132,059	3,027,615	50,130,497
6,281,604	10,730,962	14,212,115	5,658,601	2,168,452	2,626,807	3,979,115	7,857,455	128,796,054
863,657	1,858,419	2,724,128	886,937	360,828	476,988	555,747	1,301,048	24,593,252
1,743,967	1,826,687	4,914,860	1,549,434	479,190	645,079	617,605	2,789,821	30,383,238
9,931	46,292	27,111	22,547	25,703	13,898	90,533	13,468	1,035,289
8,899,158	14,462,360	21,878,214	8,117,518	3,034,173	3,762,772	5,243,000	11,961,791	184,807,833
2,801,441	4,402,804	11,831,100	3,149,818	992,323	1,693,539	1,733,865	4,514,280	66,718,705
5,710,500	9,089,396	9,627,766	4,515,110	1,939,890	1,859,802	3,224,210	6,749,842	109,192,345
382,690	874,635	347,813	444,333	99,436	202,349	219,800	679,008	8,142,731
4,527	95,525	57,797	8,257	2,524	7,082	46,349	18,661	715,548
8,899,158	14,462,360	21,878,214	8,117,518	3,034,173	3,762,772	5,243,000	11,961,791	184,807,833
1,382	1,570	2,955	1,060	592	574	1,228	1,716	23,524
4,086	9,236	10,751	3,780	1,447	1,878	2,575	5,160	79,845
3.0	5.9	3.6	3.6	2.4	3.3	2.1	3.0	3.4
11,535	13,851	18,485	15,384	13,927	16,137	10,918	15,066	15,678
47,133	127,925	198,737	58,152	20,152	30,305	28,115	77,738	1,251,834
1,010	1,017	1,298	1,182	1,134	1,271	878	1,162	1,166
2,253	1,623	1,940	2,146	2,242	2,150	2,373	2,110	2,241



## ***Ten Year Financial Summary***

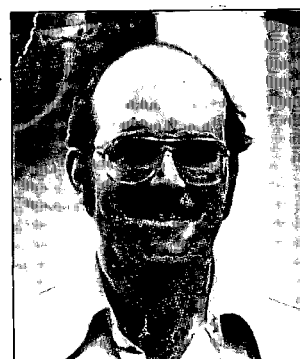
	1986	1985	1984	1983	1982
<b>Summary of Operations</b>					
Operating Revenue	\$ 67,660,629	\$ 71,132,939	64,242,148	58,643,815	53,224,842
Operating expenses and interest:					
Purchased power	3,228,972	10,651,421	9,310,487	5,354,110	1,728,760
Operations and maintenance	29,793,316	27,569,688	26,630,591	30,392,265	28,190,534
Administrative and general	3,231,141	3,073,865	2,592,445	2,602,144	2,597,290
Depreciation	9,385,798	8,008,010	7,698,875	6,484,118	6,998,930
Taxes	4,222,102	3,994,490	4,206,417	3,815,460	3,589,478
Interest	15,769,131	14,500,285	13,496,875	9,873,776	9,177,792
Total operating expenses and interest	65,630,460	67,797,759	63,935,690	58,521,873	52,282,784
	2,030,169	3,335,180	306,458	121,942	942,058
Other revenue	1,726,608	1,034,308	809,938	534,427	783,548
Net margin (deficit)	3,756,777	4,369,488	\$ 1,116,396	656,369	1,725,606
<b>Assets</b>					
Electric utility plant	305,693,465	295,189,519	293,659,876	280,635,043	265,446,255
Less accumulated depreciation and amortization	108,603,438	97,306,709	87,457,382	77,433,944	68,916,957
Net electric utility plant	197,090,027	197,882,810	206,202,494	203,201,099	196,529,298
Investments	11,290,315	9,341,109	9,290,756	8,730,585	7,713,720
Current assets	29,299,708	25,142,825	15,022,757	17,319,460	17,293,393
Deferred charges	11,591,849	12,522,126	6,835,981	7,978,297	—
Total assets	\$249,271,899	\$244,888,870	237,351,988	237,229,441	221,536,411
<b>Capitalization and Liabilities</b>					
Members' equity	21,828,644	18,071,867	13,702,379	13,126,587	12,470,218
Long-term debt	215,331,259	213,309,618	202,731,539	203,720,613	198,030,109
Spent nuclear fuel disposal liability	—	—	4,735,981	4,735,981	—
Current liabilities	12,111,996	13,507,385	16,182,089	15,646,260	11,036,084
Deferred credits	—	—	—	—	—
Total capitalization and liabilities	\$249,271,899	\$244,888,870	\$237,351,988	237,229,441	221,536,411

**Pam Kuonen**  
Secretary/Bookkeeper

*"I like my job and everybody is good to get along with. I've been learning more about the computer. The PC is very valuable and I enjoy using it. It saves a lot of time and makes the job I have to do easier and more efficient. I do many forms and the computer is a big asset. All I knew about CIPCO when I came to this job six months ago was that CIPCO made electric power. Since then I've learned more about plant generation, the transmission crews and what they do on the lines, and the whole REC system — but I still have a lot to learn."*



1981	1980	1979	1978	1977
7,733,578	33,749,010	36,604,784	30,281,103	23,985,380
4,131,037	5,298,884	7,306,095	8,174,164	3,204,665
5,491,146	14,213,687	14,022,867	12,601,322	10,724,148
1,828,324	1,650,805	1,507,885	1,152,099	977,235
5,039,075	4,874,488	4,502,641	3,260,306	3,116,420
3,035,812	2,924,455	2,586,880	2,047,973	1,973,786
6,773,875	6,525,146	5,561,903	3,339,456	3,063,104
6,299,769	35,487,465	35,488,271	30,575,320	23,059,358
1,433,809	(4,738,455)	1,116,513	(294,217)	926,022
421,782	815,199	2,431,305	456,773	139,010
1,855,591	(923,256)	3,547,818	162,556	1,065,032
0,095,722	178,875,852	164,970,687	155,352,308	142,639,582
1,084,244	44,908,794	39,088,078	33,775,484	29,965,791
9,011,478	133,967,058	125,882,609	121,576,824	112,673,791
7,207,594	7,294,751	6,835,697	4,503,454	3,992,402
8,928,450	9,175,865	8,989,909	8,051,135	5,950,726
804,883	2,691,693	3,149,271	5,451,099	281,120
5,952,405	153,129,367	144,857,486	139,582,512	122,898,039
1,631,927	10,081,007	11,004,263	7,876,700	8,012,369
6,224,533	135,780,781	126,069,401	122,854,823	108,857,157
8,069,202	7,238,931	7,753,454	8,812,807	5,979,601
26,743	28,648	30,368	38,182	48,912
5,952,405	153,129,367	144,857,486	139,582,512	122,898,039



**Dale Verbelst**  
Plant Electrician

*"I've only been here since July of this year. It's interesting to deal with the direct source of electricity. I've always dealt with it secondary in my past job as an electrician. Its interesting to watch the generation part of it and see how it all comes about. It gives me a new appreciation for how its made. I used to go check a fuse box, here its more complicated than that."*





**Nancy Aronson**  
Chief Accountant

*"One of the things that I like about my job is the diversity of duties. The requirements of my job are constantly changing and growing. The PC has been a tremendous help in keeping up with the changes and preparing all the reports I do. Budgeting is one of my primary duties which allows me to interact with almost everyone at CIPCO. Budgeting pulls every area together and gives me an overall view of the activities of the company."*



**Don Chaon**  
Draftsman/Technician

*"Processing over 400 tapes within a couple of days takes cooperation between people, hardware and software. The report and billing information interpreted from the tapes helps our distribution cooperatives' engineering and accounting personnel make important decisions."*

## ***CIPCO Employees*** ***With 10 years or more service***

Robert E. Floyd	04-04-49
Chester F. Larson	01-03-51
Tharon Reed	04-19-52
Wayne E. Lincoln	04-02-54
Richard Wiley	09-14-54
Roger Waech	08-21-56
Darrell Allchin	11-09-59
James T. McDonald	12-02-59
Larry A. Duffe	04-05-60
R. Dwayne Augspurger	03-16-62
Melvin E. Birt	05-09-62
Robert R. Varner	05-16-62
Harold Sagg	06-11-62
Richard F. Jessen	05-22-64
Thomas R. Crumly	04-21-65
Stephen Verwerk	06-13-66
David A. Burr	03-22-67
Donald Schmidt	05-15-67
Mark McKillip	07-25-67
Joyce D. Haugen	08-01-67
Frank E. Hollingsworth	10-09-67
Roger C. Ewald	11-20-67
Terry Wathan	12-13-67
Dennis Murdock	07-01-68
Edward Reed	04-01-69
David Symmonds	08-11-69
Donald G. Daufeldt	09-26-71
Russell L. Kuhns	10-11-71
Richard R. Buck	12-11-71
Michael Swift	04-02-73
John Staschke	08-06-73
Steven Greene	08-13-73
Richard L. Anderson	10-01-73
Frederick Yencsik	03-04-74
Linnea L. Martin	04-22-74
Michael J. Manternach	05-20-74
Suzanne Hawley	06-03-74
Randall H. Huesmann	06-24-74
Thomas J. Fremi	09-09-74
Don R. Ellingsworth	02-03-75
David Mohr	05-19-75
Wayne S. Pacha	05-19-75
Duane E. Johnson	06-28-76



### ***CIPCO Member Cooperatives***

Adams County Cooperative Electric Company ■ Corning  
Benton County Electric Cooperative ■ Vinton  
Buchanan County Rural Electric Cooperative ■ Independence  
Clarke Electric Cooperative, Inc. ■ Osceola  
Eastern Iowa Light and Power Cooperative ■ Wilton  
Farmers Electric Cooperative, Inc. ■ Greenfield  
Greene County Rural Electric Cooperative ■ Jefferson  
Guthrie County Rural Electric Cooperative ■ Guthrie Center  
Linn County Rural Electric Cooperative ■ Marion  
Maquoketa Valley Rural Electric Cooperative ■ Anamosa  
Marshall County Rural Electric Cooperative ■ Marshalltown  
Nyman Electric Cooperative ■ Stanton  
Pella Cooperative Electric Association ■ Pella  
Rideta Electric Cooperative, Inc. ■ Mt. Ayr  
South Iowa Municipal Electric Cooperative Association (SIMECA)  
Brooklyn, Cascade, Corning, Earlville, Fontanelle, Gowrie,  
Grand Junction, Greenfield/Independence, Indianola, Lamoni,  
LaPorte City, Lenox, Ogden, Panora, Preston, State Center,  
Stuart/Villisca, Winterset  
T.I.P. Rural Electric Cooperative ■ Brooklyn