

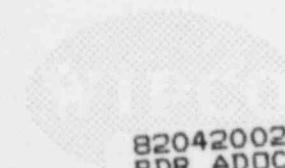


1981 Annual Report



Western Illinois Power Cooperative, Inc.

Post Office Box 609 □ Highway 67 South □ Jacksonville, Illinois 62651 □ (217) 245-6161



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Board of Directors



Seated, from left: Lester Aielts (president), manager, Western Illinois Electrical Coop.; Kenneth Marlow (vice president), director, Adams Electrical Co-Operative; Gene Burton (secretary-treasurer), director, Spoon River Electric Co-operative, Inc.; R. E. Gant (assistant secretary-treasurer), manager Illinois Rural Electric Co. Standing, from left: Roy Goode, manager, Rural Electric Convenience Cooperative Co.; V. T. Parks, director, Illinois Rural Electric Co.; Wayne Harms, director, M.J.M.

Electric Cooperative; Stanley Otten, director, Rural Electric Convenience Cooperative Co.; Harold Massie, director, Western Illinois Electrical Coop.; Charles W. Witt, manager, M.J.M. Electric Cooperative; Roger Mohrman, manager, Adams Electrical Co-Operative; William H. McCamey, manager, Spoon River Electric Co-operative, Inc.; John E. Root, manager, Menard Electric Cooperative; and Robert F. Zook, director, Menard Electric Cooperative.



President's Report

Nineteen eighty-one will be remembered as a year of very mild weather, contributing to another reduction in kWh sales. The extreme amount of rainfall created some problems. The harvest did turn out better than was earlier expected and the added corn-drying load helped pick up sales the last couple months.

We have all missed Charles Melvin, who passed away following heart bypass surgery. Charles very capably represented Western Illinois Electrical Coop. He was completely dedicated to both organizations and, in fact, to the entire rural electrification program.

Dean Searls retired after many years of service to Adams Electrical Co-Operative and WIPCO. He was one of the incorporators of WIPCO and a strong force in its organization. We are missing Dean's years of experience and wisdom.

Charles and Dean, both men of outstanding ability who were fair in their dealings, were dedicated to the rural electrification program and contributed a great deal to the success of WIPCO. I feel a special loss because I depended on them for support and used them as a sounding board for ideas which needed to be fine tuned or eliminated.

These men have been replaced by Harold Massie and Roger Mohrman respectively. Both have been in the program for many years and have already contributed a great deal to our board meetings.

Considerable activity was created as we tried to determine the effect of Sections 201 and 210 of the new PURPA law. Hearings were arranged and positions were taken concerning how to comply with the law and still maintain safe working conditions for our line crews.

The board approved a 6% increase in assessments

and also approved a work order to extend the warehouse and do some remodeling of the existing portion of the warehouse. This work was primarily needed in order to prepare for the SCADA system. Some new coal sources became available, allowing us to purchase coal at a more favorable price.

In November, a committee was appointed to investigate the possibility of a merger of Soyland Power Cooperative and WIPCO. This committee has had one meeting with Soyland representatives. It is much too early to determine if anything beneficial will come of this investigation. Your Board of Directors believes we must not only investigate — we must work hard to do anything that might reduce or at least slow down the increase of the cost of power.

I want to thank the WIEC Board of Directors for allowing me to take the time to serve as your president. I would further like to thank the WIPCO Board of Directors for their support and encouragement. I would not want to fail to recognize the dedication of our manager, staff and other employees who have frequently gone above and beyond their normal responsibilities to supply information that was needed to make decisions which seemed very crucial at the time.

Nineteen eighty-one was an extremely busy year but also enjoyable and rewarding.

Cooperatively yours,

Lester W. Aeilts

Lester W. Aeilts, President





Secretary-Treasurer's Report

At the Annual Meeting of the Cooperative, held March 10, 1981, I was elected Secretary-Treasurer, Robert Gant was elected Assistant Secretary-Treasurer and all other officers were reelected. Past officers and directors are shown on the inside cover of this report.

The Board of Directors held 12 regular meetings, one annual meeting and one annual meeting of directors during the year with attendance averaging approximately 13 of the 14 directors per meeting.

Your Board of Directors at board meetings, in addition to conducting normal business such as consideration of treasurer's report, financial and

statistical reports, general manager's report and reports on various operations such as production and transmission, considered many other items of business including: capital credits, budget and financial forecasts, annual audit, revised wages and salaries, 93 work orders, legal service agreement, load management study, increased assessments in the months of January, July and August, amendments to contract pertaining to SCADA, equipment contracts for substations, renewed CFC line-of-credit, agreement for disposal of PCB's, one loan application, amendment to coal contract, modification to Illinois Power Company's Interconnection Agreement and oral and written reports on environmental and fuel matters.

Financial records for the Cooperative are maintained in accordance with the uniform system of accounts as prescribed by the Rural Electrification Administration which are basically the same as those prescribed by the FERC. Assets, liabilities, statement of operations, load data, statement of changes in financial position, and margins allocated to patrons for the Cooperative for the calendar year 1981 and, in many cases previous years, is shown in the following tables.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gene H. Burton".

Gene H. Burton, Secretary-Treasurer





Assets

	1981*	1980*
Total Utility Plant in Service	\$ 31,003,200	\$ 29,635,109
Construction Work in Progress	167,361,735	120,681,598
Total Utility Plant	\$198,364,935	\$150,316,707
Accumulated Provision for Depreciation	11,197,107	10,313,777
Net Utility Plant	\$187,167,828	\$140,002,930
Investments in Associated Organizations	1,570,005	1,419,096
Subscriptions to CFC	494,000	816,000
Cash — General Fund	6,812	3,985
Cash — REA Loan Fund	447	308,065
Accounts Receivable — Net	2,125,940	1,967,057
Materials and Supplies	1,380,840	1,055,941
Fuel Inventory	811,163	937,964
Prepayments	107,934	136,752
Other Current and Accrued Assets	122,469	7,454
Total Assets	\$193,787,438	\$146,655,244

Liabilities

	1981*	1980*
Long-Term Debt — REA	\$ 24,015,092	\$ 21,711,976
Long-Term Debt — FFB	159,239,000	116,674,000
Long-Term Debt — CFC — CTC	494,000	816,000
Short-Term Loans	5,945,739	3,990,118
Accounts Payable	2,016,521	1,785,685
Other Current Liabilities	391,154	217,108
Memberships	175	175
Patronage Capital	1,485,082	1,485,082
Operating Margin — Current Year	181,899	177,708
Operating Margin — Prior Year	(109,871)	(340,108)
Non-operating Margins	43,676	52,529
Other Margins and Equities	84,971	84,971
Total Liabilities and Credits	\$193,787,438	\$146,655,244

*Year Ending December 31



Statement of Operations

	1981	1980	1979	1978	1977
Total Electric Revenue	\$22,823,050	\$22,185,822	\$19,634,290	\$20,197,054	\$15,959,088
EXPENSES:					
Purchase Power (Wholesale).	14,629,185	14,428,143	12,538,914	12,598,299	10,000,633
Purchase Power (Interchange)	2,185,804	1,949,365	1,835,374	2,034,526	942,125
Production Expense:					
Operations	2,283,692	2,485,944	2,456,715	3,206,990	2,808,782
Maintenance	566,004	527,707	713,886	515,936	408,386
Transmission Expense:					
Operations	390,327	339,532	310,260	171,838	125,255
Maintenance	171,771	192,073	171,696	173,506	131,233
Administration and General Expense:					
Salaries	115,930	102,478	97,748	86,016	88,563
Supplies and Expense	159,342	83,371	80,318	81,378	61,186
Insurance	204,906	188,664	120,267	152,754	141,859
Total Operating Expense	\$20,706,961	\$20,297,277	\$18,325,178	\$19,021,243	\$14,708,022
Fixed Charges:					
Depreciation	\$ 845,471	\$ 815,574	\$ 789,509	\$ 725,948	\$ 655,575
Tax Expense	236,522	216,820	211,113	145,512	142,869
Interest — Net	852,197	678,443	595,432	427,777	361,796
Total Fixed Charges	\$ 1,934,190	\$ 1,710,837	\$ 1,596,054	\$ 1,299,237	\$ 1,160,240
Total Expenses	\$22,641,151	\$22,008,114	\$19,921,232	\$20,320,480	\$15,868,262
Operating Margins	\$ 181,899	\$ 177,708	(\$ 286,942)	(\$ 123,426)	\$ 90,826
Non-operating Margins	43,676	52,529	43,204	27,056	14,221
Total Margins	\$ 225,575	\$ 230,237	(\$ 243,738)	(\$ 96,370)	\$ 105,047

(Indicates Deficit)



Load Data

	1981	1980	1979	1978	1977
ELECTRICITY GENERATED AND PURCHASED (1,000 kWh)					
Energy Generated	92,105	125,368	120,446	122,855	151,192
Energy Purchased from CIPS (Wholesale).	304,721	321,064	328,353	324,250	320,354
Energy Purchased from IP (Wholesale).	80,411	83,154	82,036	79,941	78,712
Energy Purchased from IP (Interchange)	25,437	25,365	24,336	19,164	0
Energy Purchased from Springfield (Interchange)	66,066	36,525	46,126	52,472	33,288
ENERGY SALES (1,000 kWh)					
Sales to Member Cooperatives	551,505	572,796	582,449	576,859	565,156
Sales to Others	0	192	307	6,204	387
ELECTRIC SALES TO MEMBER COOPERATIVES (1,000 kWh)					
Adams Electrical Co-Operative.	86,765	90,654	92,392	91,814	87,657
Illinois Rural Electric Co.	105,627	109,698	111,237	112,606	108,873
M.J.M. Electric Cooperative, Inc.	88,437	92,382	90,608	88,576	88,303
Menard Electric Cooperative	105,627	106,820	108,472	107,105	106,200
Rural Electric Convenience Cooperative Co.	75,447	79,661	83,145	80,947	79,097
Spoon River Electric Co-operative, Inc.	48,714	51,516	52,959	52,410	51,844
Western Illinois Electrical Coop.	40,888	42,065	43,636	43,401	43,182
TOTAL ELECTRIC SALES TO MEMBERS.	551,505	572,796	582,449	576,859	565,156
PEAK DEMAND MAXIMUM MONTH, KW BY MEMBERS					
Adams Electrical Co-Operative.	22,157	20,239	23,262	24,207	23,323
Illinois Rural Electric Co.	26,288	27,108	24,050	24,854	25,470
M.J.M. Electric Cooperative, Inc.	23,495	23,853	20,666	19,793	20,670
Menard Electric Cooperative	33,874	34,146	29,215	29,846	32,534
Rural Electric Convenience Cooperative Co.	17,402	18,926	20,410	21,332	20,313
Spoon River Electric Co-operative, Inc.	11,929	12,305	12,738	12,178	11,840
Western Illinois Electrical Coop.	9,464	9,699	10,042	10,607	10,597
SYSTEM MAXIMUM MONTH KW DEMAND	141,172	146,125	129,685	135,640	133,794
ANNUAL LOAD FACTOR % —					
MEMBER COOPERATIVES	44.7	44.7	50.9	48.4	48.0



Statement of Changes in Financial Position

	1981*	1980*
SOURCE OF FUNDS		
Net Margin	\$ 225,575	\$ 230,237
Depreciation	921,486	884,936
Advances from FFB	42,565,000	33,264,000
Advances from REA	3,068,000	1,084,000
Loan Funds in Bank	307,618	(279,885)
	\$47,087,679	\$35,183,288
APPLICATION OF FUNDS		
Additions to Utility Plant	\$48,086,384	\$35,123,955
Increase in Investments in Associated Organizations	150,909	145,456
Reduction of Long-Term Debt	764,883	763,013
	\$49,002,176	\$36,032,424
WORKING CAPITAL	(\$ 1,914,497)	(\$ 849,136)
CHANGES IN WORKING CAPITAL		
Increase (decrease) in Current Assets:		
Cash	\$ 2,827	(\$ 1,844)
Accounts Receivable	158,883	(110,026)
Inventories	198,098	376,935
Prepaid Expenses and Other	86,197	(19,191)
	\$ 446,005	\$ 245,874
Increase (decrease) in Current Liabilities:		
Notes Payable	\$ 1,955,621	\$ 1,186,313
Accounts Payable	230,836	(139,858)
Accrued Expenses	174,045	48,555
	\$ 2,360,502	\$ 1,095,010
WORKING CAPITAL	(\$ 1,914,497)	(\$ 849,136)

*Year ended December 31.

Margins Allocated to Patrons

System	1963-1980	1981	Total
Adams Electrical	\$ 233,486.02	\$11,272.47	\$ 244,758.49
Illinois Rural	286,699.93	13,721.45	300,421.38
M.J.M. Electric	224,659.34	11,502.96	236,162.30
Menard Electric	265,664.31	14,124.81	279,789.12
Rural Electric	191,485.70	9,738.27	201,223.97
Spoon River	147,433.51	6,367.33	153,800.84
Western Illinois	123,738.86	5,301.30	129,040.16
City of Springfield	11,914.63	0	11,914.63
Illinois Power Company	0	0	0
	\$1,485,082.30	\$72,028.59	\$1,557,110.89

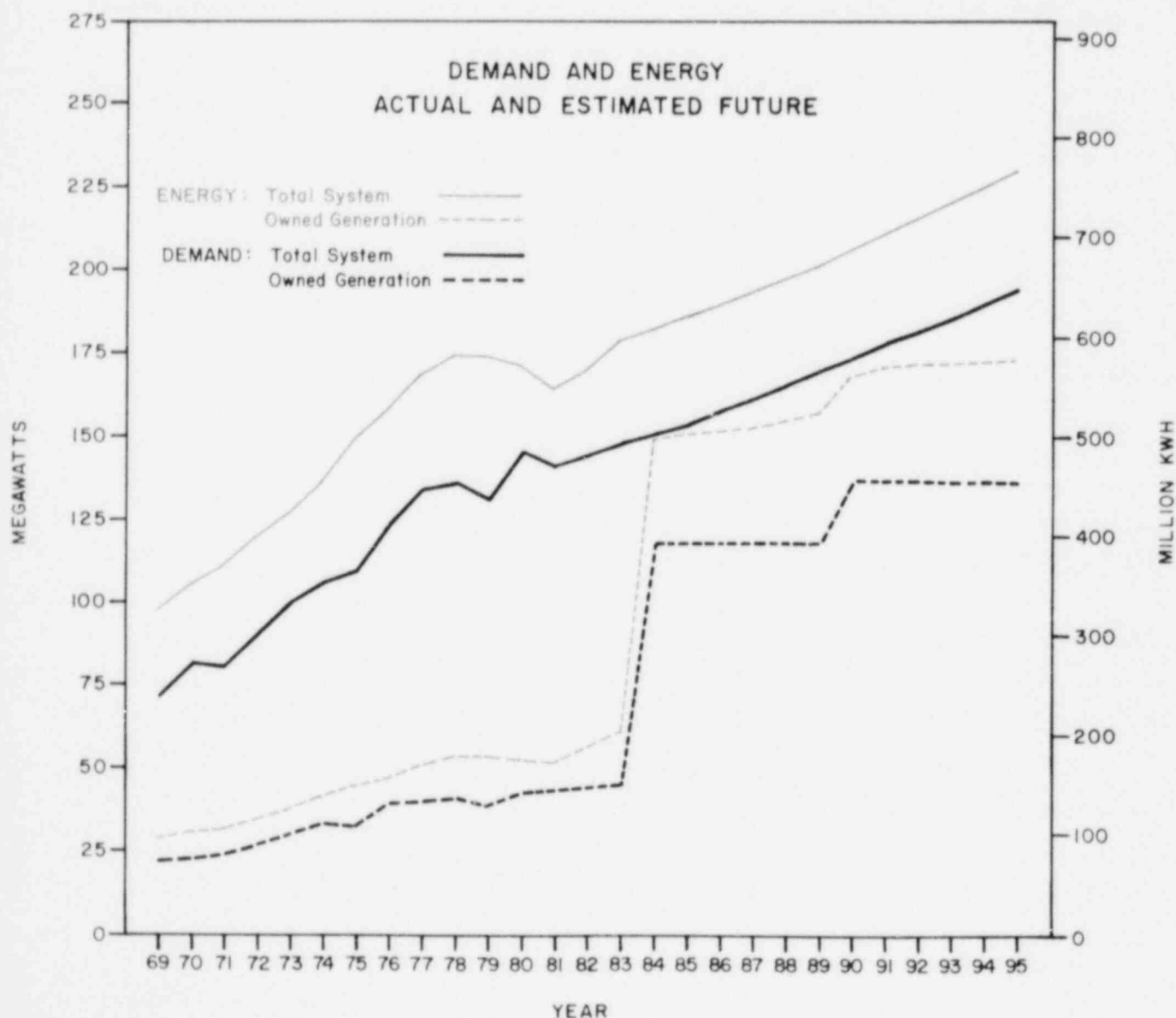


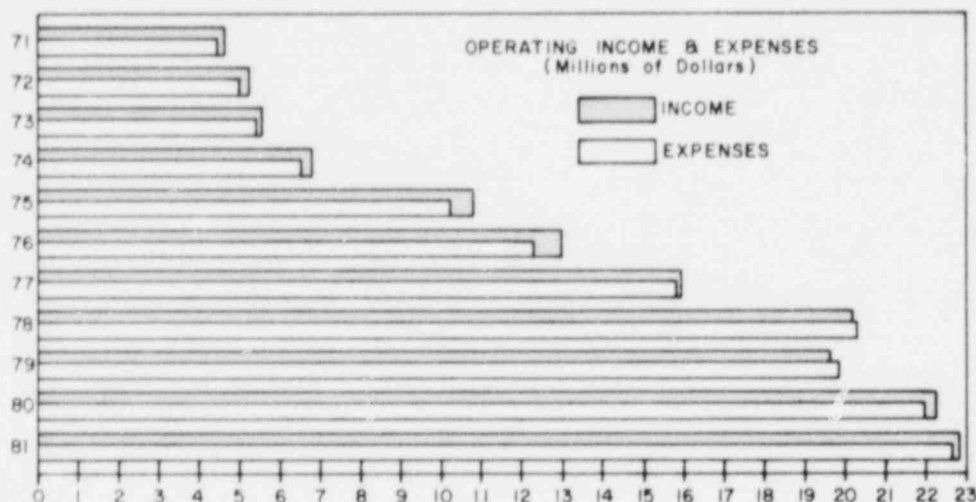
General Manager's Report

Loads

Peak demand, as well as energy sales for 1981, were below those of 1980 with annual load factor about the same as last year. The chart below

indicates past system loads with revised estimates of future loads assuming a load growth of approximately 2% per year. This is a downward revision of the 1980 Power Requirements Studies and the 1981 Review of Power Requirements.

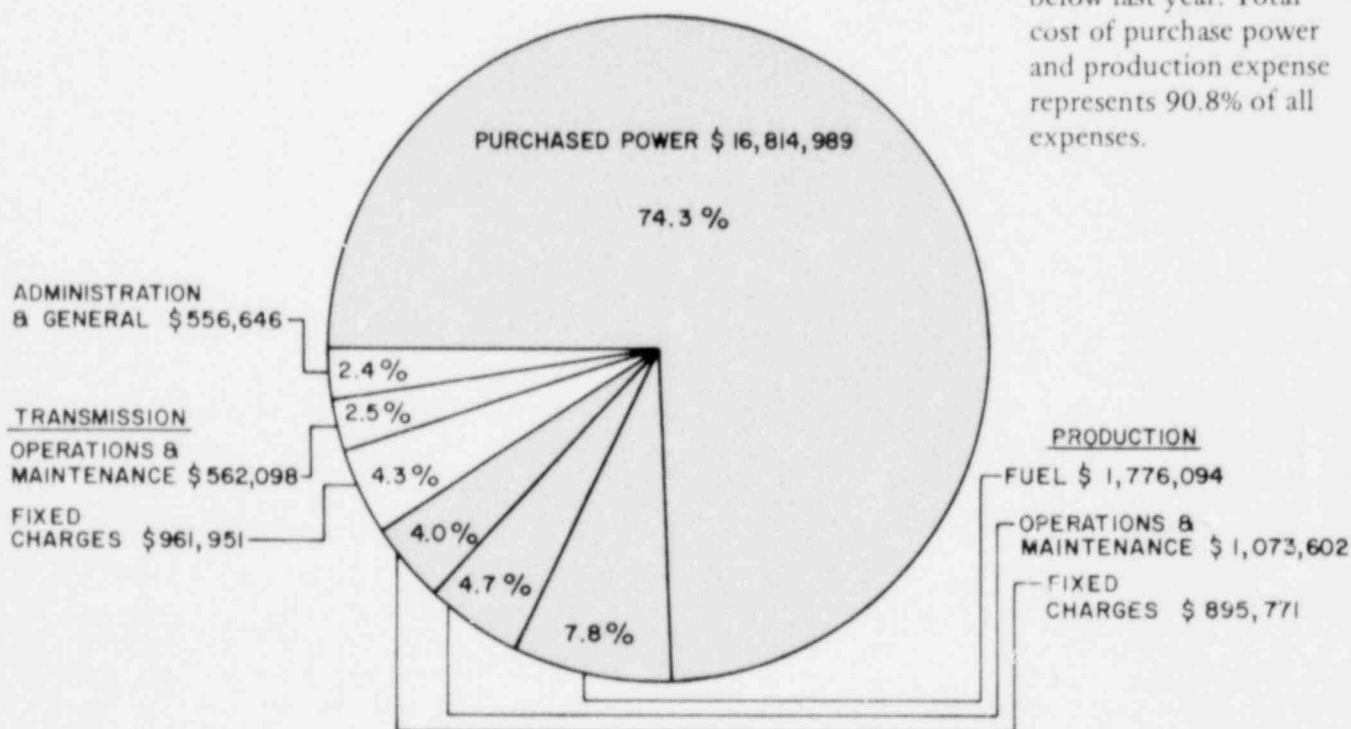




Revenues and Expenses

This year as last year revenues exceeded expenses, thus REA operating ratios of Times Interest Earned Ratio (TIER) and Debt Service Coverage (DSC) have been met.

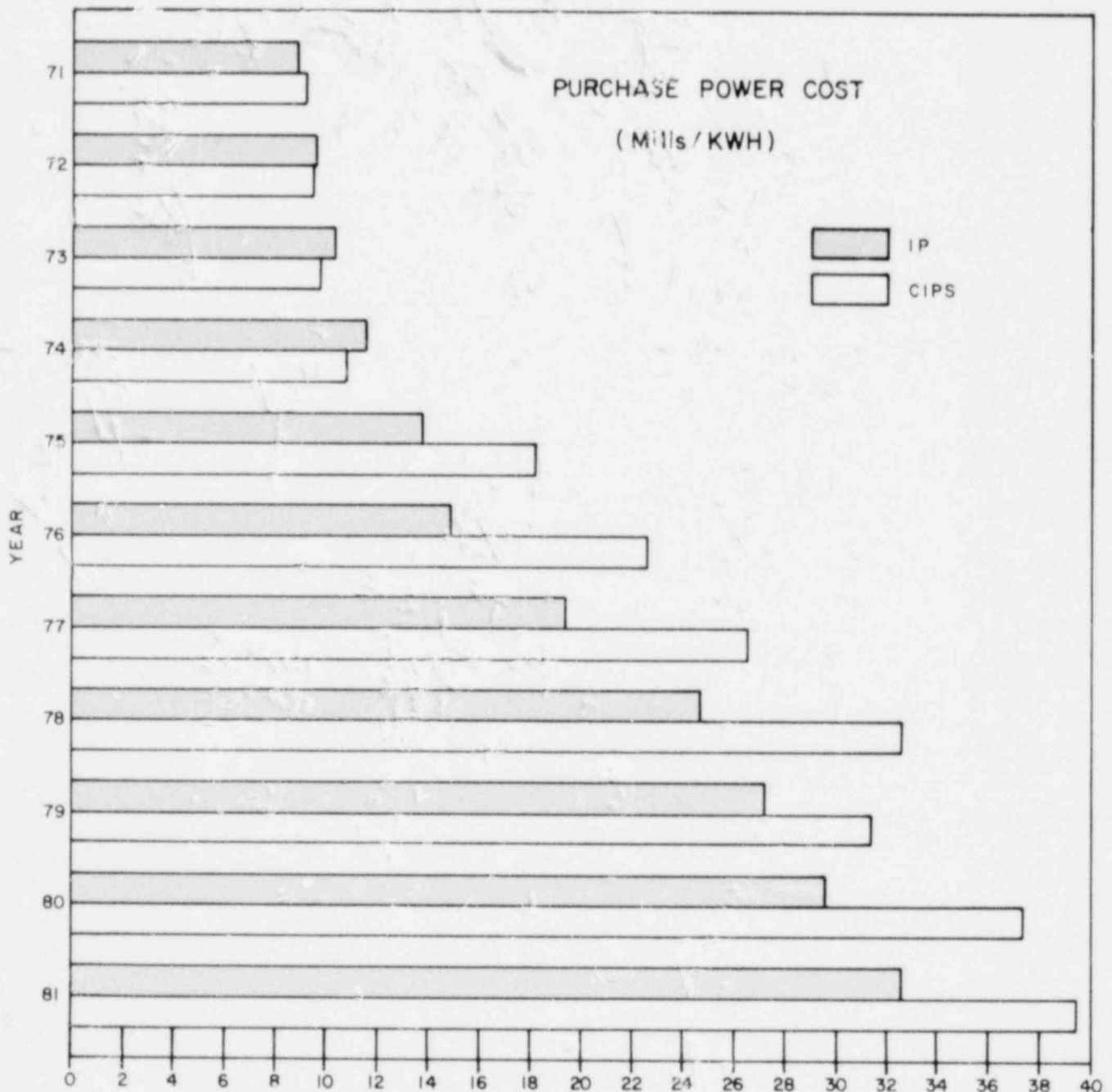
The pie chart below shows distribution of expenses. Purchase power costs are up about 3% from a year ago, even with purchases being 5% below last year. Total cost of purchase power and production expense represents 90.8% of all expenses.





Wholesale purchased power cost in 1981 exceeded 1980 cost. Past wholesale purchased power cost from Illinois Power Company and Central Illinois

Public Service Company is shown in the following bar chart.





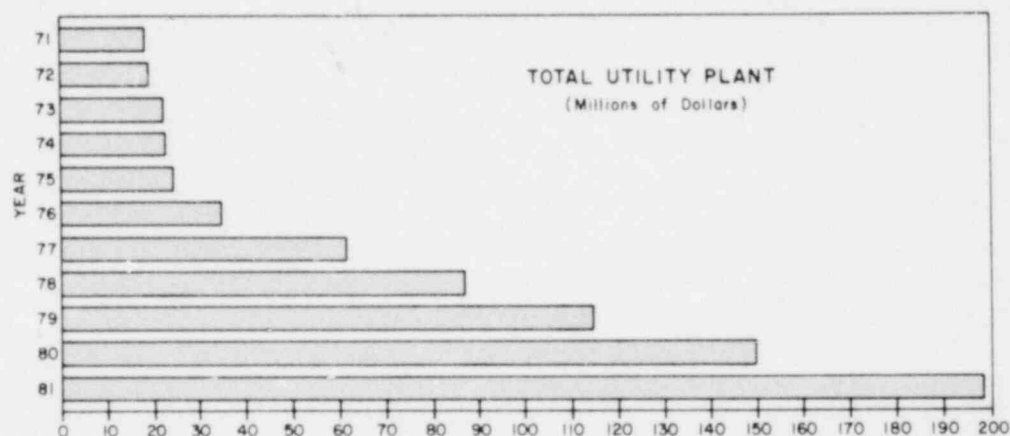
Total utility plant is illustrated on a bar chart following and represents actual plant in service, as well as expenditures for construction of the Clinton Nuclear Plant not as yet in service.

Production

The price of coal in 1981 has increased somewhat over 1980 as shown on the bar chart following. The price of oil was essentially stable for the year 1981.

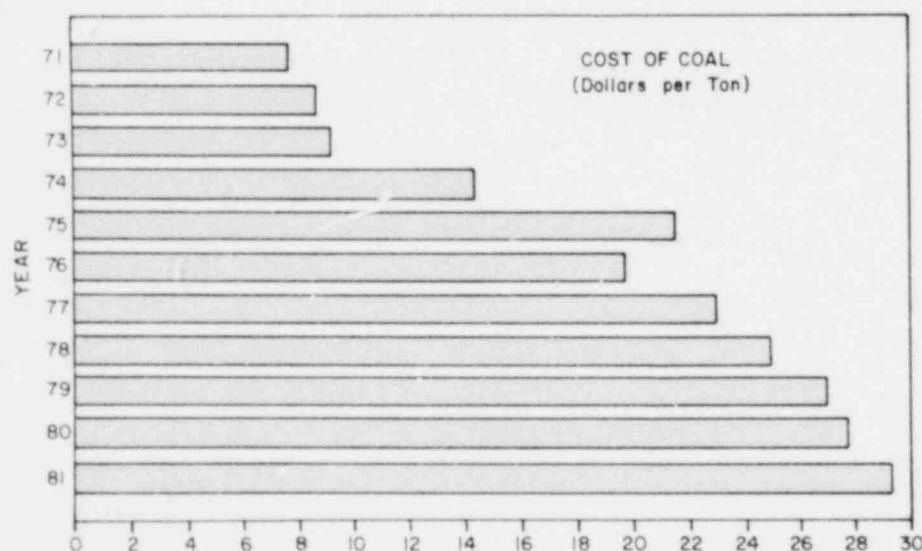
Energy generation in 1981 was less than any year in the recent past partially due to reduced sales but principally due to the steam plant being out of service for four months to allow Foster Wheeler Corporation to install the test burners in the boiler. Only a little over a half-million kilowatt-hours were generated by the gas turbine and the diesel plants for peaking and emergencies. The

balance of power for the integrated system, about 91-million kilowatt-hours, was purchased through interconnections with Illinois Power Company and the City of Springfield.

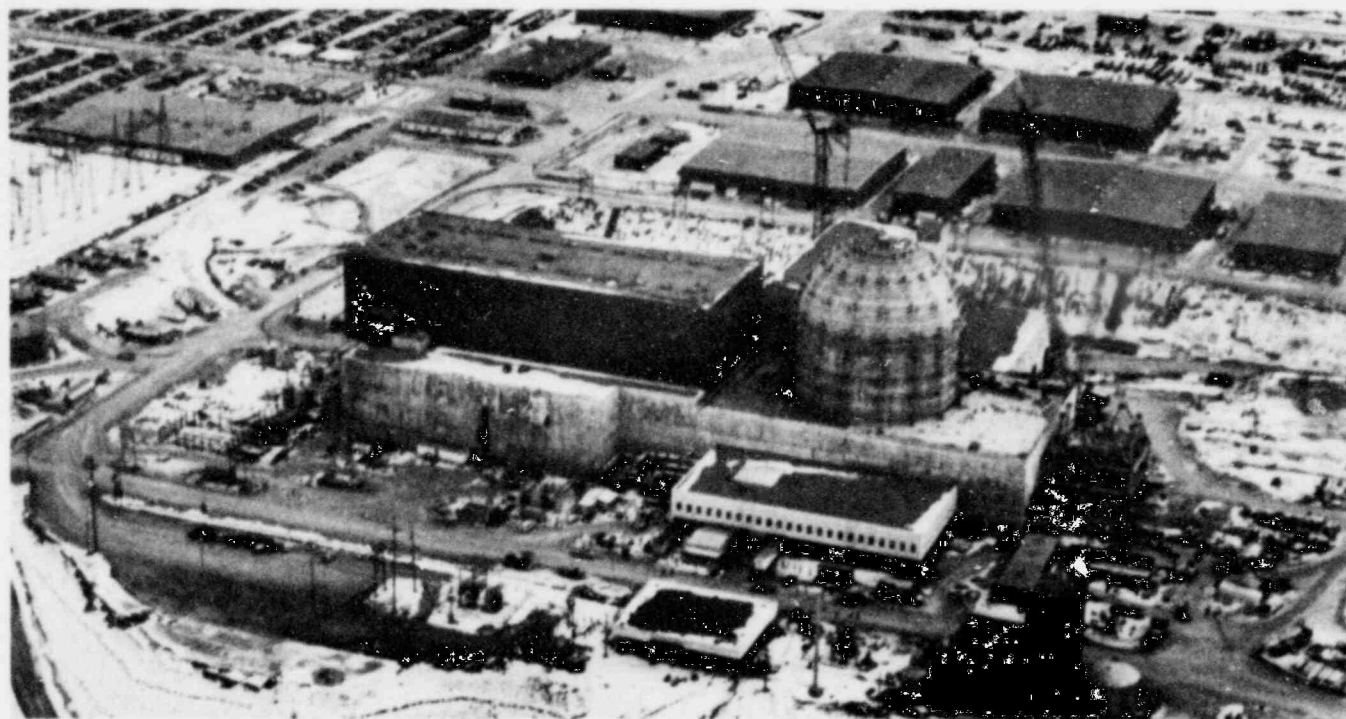


In addition to normal maintenance at Pearl Station, the plenum chamber on the exhaust of the gas turbine was rebuilt; the transition on the old stack was relined; a new stainless steel skirt was installed on the bottom of the boiler; both pulverizers were rebuilt; ashes in the ash pond

were moved to the outside edge of the pond preparatory to removal from the site and a pole-type warehouse building was erected for storage of oil and large spare parts.



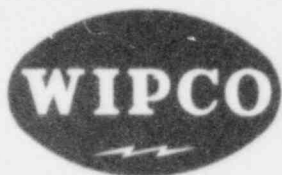
Most of the coal supply for Pearl Station was delivered by truck during the year, although there was some delivery by barge. There will be more delivery by barge in the coming year.



Clinton Nuclear Unit 1 is slightly over 80% complete. Fuel loading is planned in January, 1983, and commercial operation in September, 1983. Fuel loading and commercial operation may be delayed by about three months. Delays, caused mostly by Nuclear Regulatory Commission requirements, will increase the Cooperative's investment to about \$250-million, of which over \$160-million was spent through 1981, almost \$40-million of that being charged to interest during construction. Several recent photographs of Clinton are included in this report.

Transmission

Again this year over half of the Cooperative's transmission line and substation crews' time was spent on construction, with the balance spent on operation, inspection and maintenance including normal work and considerable replacement of transformers and voltage regulators to upgrade



substations. Basic oil and PCB tests were made on virtually all of the Cooperative's transformers during the year.

The Cooperative's transmission line crew built about four miles of transmission line during the year. All crews worked on other substation projects including East Lanesville, Turris, Knoxville and Hardin, although none of these projects is complete. System reliability improvement projects, including East Lanesville, Knoxville and Hardin, are under construction and should be completed in 1982.

Nortonville substation and transmission line, Hadley substation, Barclay substation, Denver substation and transmission line, El Dara to New Canton transmission line and Winchester substation are virtually all ready for construction in that design, right-of-way procurement, environmental and REA approvals are nearing completion. However, construction has been delayed pending increased loads. These projects are being reevaluated and may be released for construction in the near future.

Many man-hours were expended on the Supervisory Control and Data Acquisition System (SCADA) during 1981. The project is on schedule with the master station scheduled for arrival in April, 1982. Installation of substation monitoring equipment is in progress and will continue through the end of 1982. System acceptance is scheduled for December, 1982.

Future Planning

As indicated above, the SCADA system will be operational prior to commercial operation of the Clinton Nuclear Station. With the beginning of operation of the Clinton Nuclear Station which represents over 60% of the Cooperative's

generating capacity, operation and management of the Cooperative's complex power system will change significantly and will require fine tuning of dispatch of power to loads. The SCADA system will permit such fine tuning, consequently, considerable study and planning is constantly underway to assure taking advantage of any cost savings made available through the SCADA system computer and dispatching ability. In addition, some planning is in progress relative to possible load management application with use of the computer of the SCADA system.

Otherwise, little major long-range planning has been accomplished other than that necessary to complete financial forecasts, various interchange contracts and some transmission line and distribution substation planning made necessary by changing load patterns and system reliability requirements.

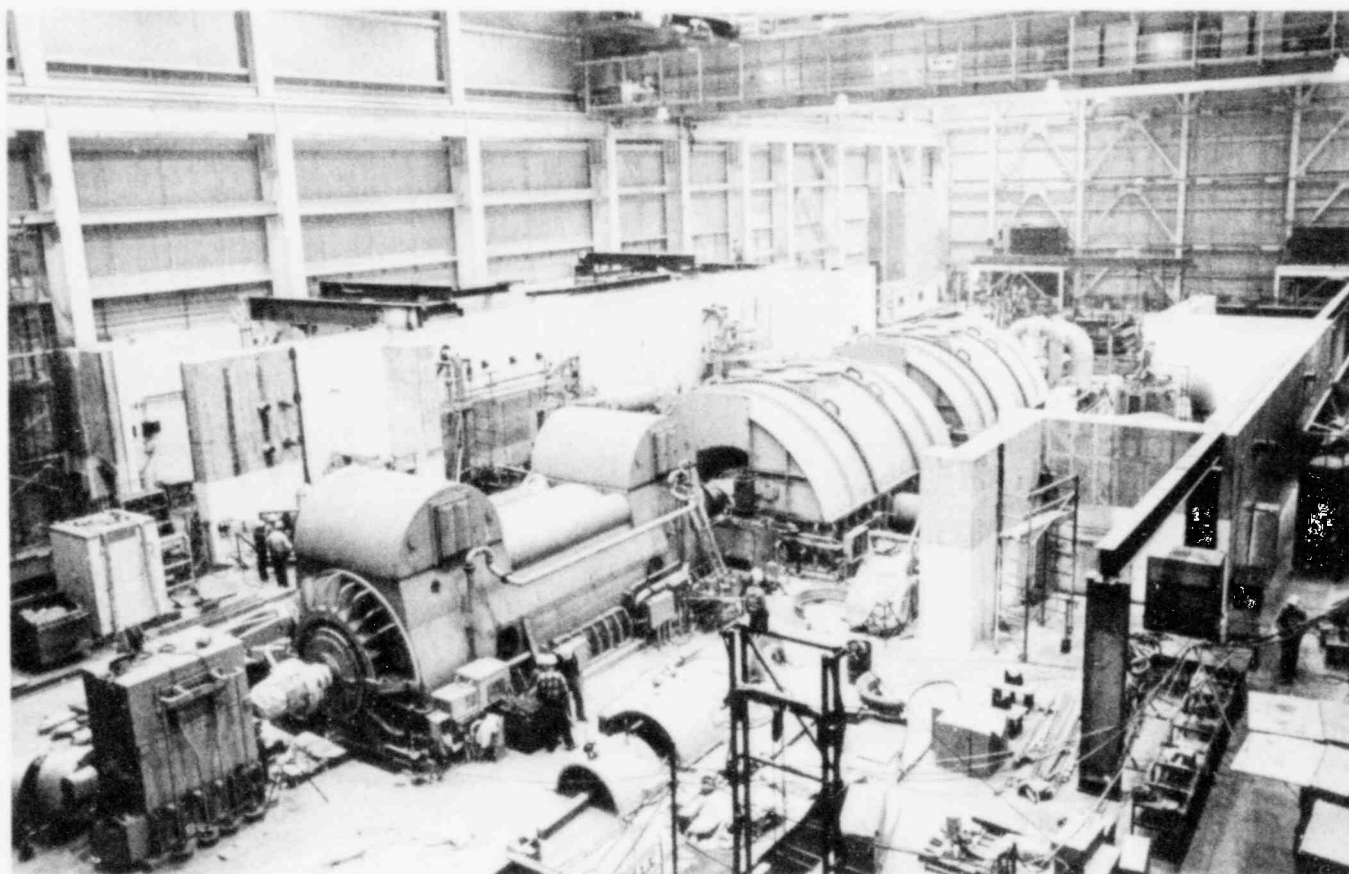
Respectfully submitted,

D. B. Bringman
D. B. Bringman, General Manager





CLINTON POWER STATION CONTROL ROOM



THE 950-MEGAWATT TURBINE-GENERATOR AT THE CLINTON POWER STATION

