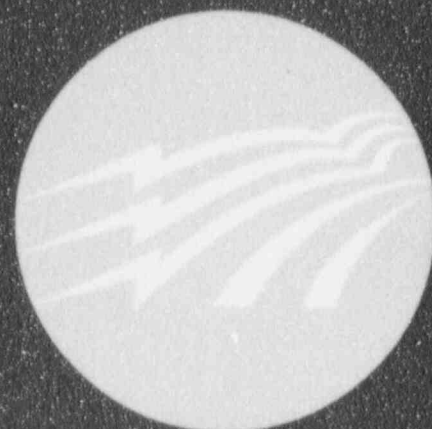


A Powerful Harvest

CORN BELT POWER COOPERATIVE

1994 ANNUAL REPORT

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A Powerful Harvest

CORN BELT POWER COOPERATIVE

1994 ANNUAL REPORT

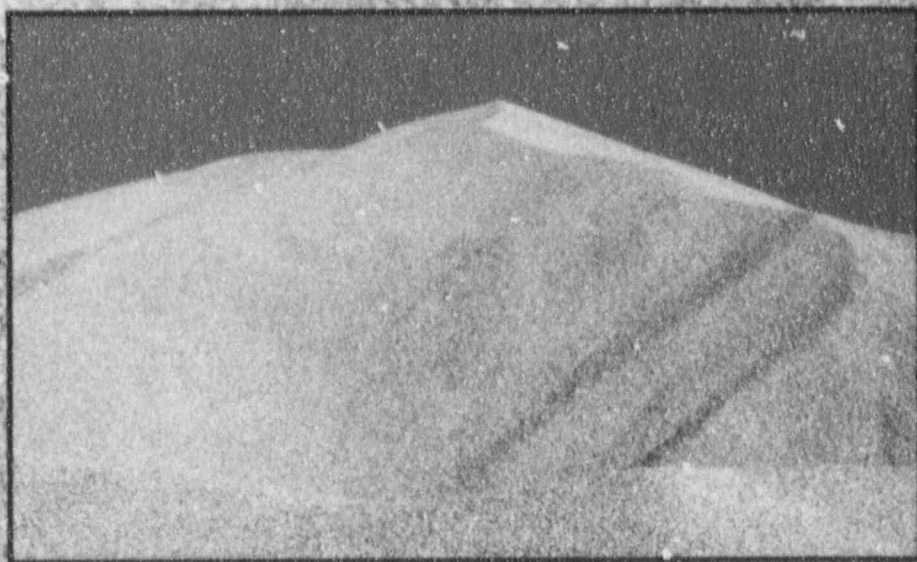


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A Powerful Harvest

*of grain, electricity and ideas put into action –
best sums up 1994 for Corn Belt Power Cooperative.*

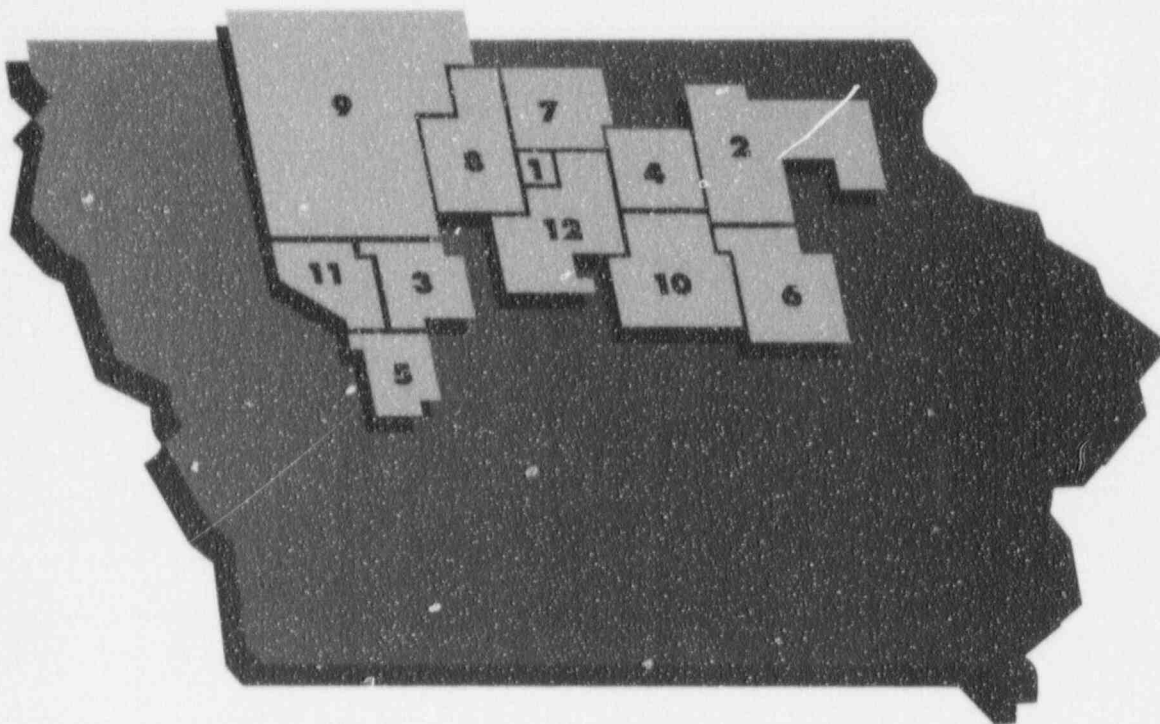
With almost perfect growing conditions, Iowa's farmers harvested a record-high 1.93 billion bushels of corn in 1994. Corn filled elevators to the brim, forcing farmers to store mounds of grain on the ground, the only place left to hold the abundant harvest.



At Corn Belt Power, 1994 yielded prosperous energy sales, with crop drying, a bitter cold January and a hot and humid June pushing firm power prices to an all-time record high. Information gathered through strategic planning and expanded economic development efforts will assure the cooperative powerful harvests in the future.

Corn Belt Power Cooperative, headquartered at Humboldt, Iowa, is a generation and transmission electric cooperative owned by its member systems. Corn Belt provides electric power to 12 member distribution electric cooperatives and one municipal electric cooperative (NIMECA).

Corn Belt serves farm members, rural residences, small towns, and commercial and industrial members across 27 counties in north central Iowa.



COOPERATIVE HIGHLIGHTS

Total Energy Sales:

1994: 966,149,251 kWh

1993: 953,505,381 kWh

Peak Demand—RECs:

1994: 169,320 kW

1993: 170,426 kW

Miles of Transmission Line: 1,581

Distribution Substations: 113

Employees: 88

- 1 Boone Valley Electric Cooperative
 - 2 Butler County REC
 - 3 Calhoun County Electric Cooperative Assoc.
 - 4 Franklin REC
 - 5 Glidden REC
 - 6 Grundy County REC
 - 7 Hancock County REC
 - 8 Humboldt County REC
 - 9 Iowa Lakes Electric Cooperative
 - 10 Midland Power Cooperative
 - 11 Sac County REC
 - 12 Wright County REC
- North Iowa Municipal Electric Cooperative Association (NIMECA):
Includes municipal electric utilities of:

Alta	Milford
Bancroft	New Hampton
Coon Rapids	Spencer
Graettinger	Sumner
Grundy Center	Webster City
Laurens	West Bend

A Powerful Harvest

EXECUTIVE REPORT

A powerful harvest—of grain, electricity and ideas put into action—best sums up 1994 for Corn Belt Power Cooperative. It was a year of traditional influences such as drying a bumper corn crop, but was also a year that saw new challenges in transmission, generation, economic development and competition.

Once again, a powerful harvest of Iowa grain helped push kilowatt-hour sales up in 1994, resulting in all-time record high energy sales to our members. Mounds of corn spilled out of elevators as Iowa farmers bounced back from their poor harvest in flood-torn 1993. Nineteen-ninety-four provided a nearly perfect growing season for Iowa's grain farmers.

Corn Belt's generating sources continue to be some of the lowest cost units in the area. During 1994, we were able to satisfy our increased energy requirements with these units, all of which had a very good operating year.

Since 1990, Corn Belt has seen energy sales increase each year, reversing a trend of lower sales set in earlier years. Because of this growth, Corn Belt reviewed sales projections during 1994. The new projections show a sales increase higher than previous forecasts had shown. This growth will help stabilize rates in future years.

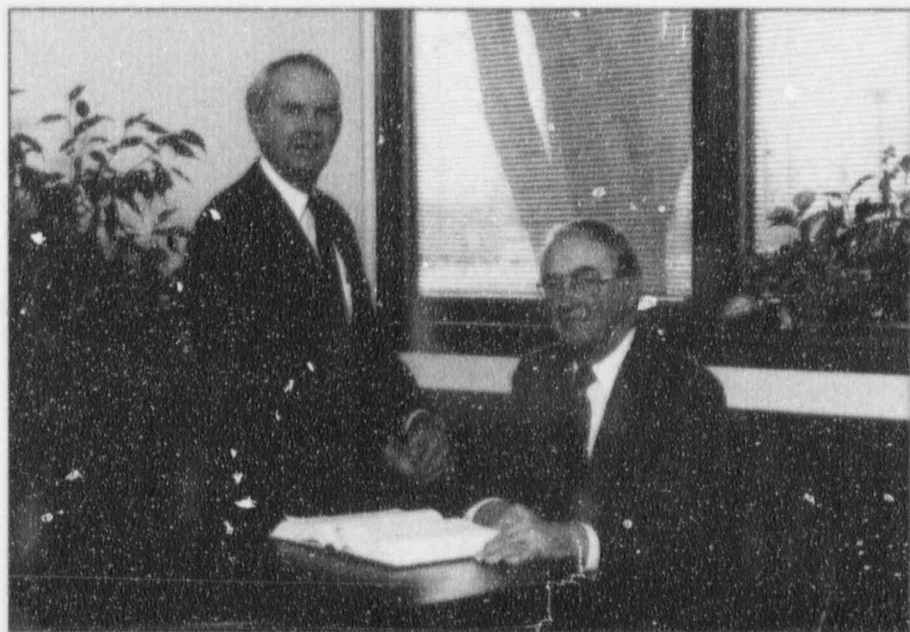
Nineteen-ninety-four also provided a harvest of information and ideas. The Strategic Plan formulated during 1994 emphasizes communication, economic development, evaluation of generation alternatives, and the continued importance of reliability. Also important to the plan are ideas for working with others to reduce costs.

As Corn Belt looks ahead, it continues to diversify its load by strengthening economic development efforts. We've had good success getting more member cooperatives involved in economic development. Corn Belt Power became more involved in helping finance projects that increase and diversify kilowatt-hour sales. All the

cooperatives need to work together because when one member gets a new load, all members in the Corn Belt Power system benefit.

During 1994, Corn Belt joined with the Iowa Bankers Association and Northwest Iowa Power Cooperative to form Iowa Homes, Inc. In many

Rates Will
Continue
to be Stable
in 1995



Dale M. Arends, executive vice president and general manager, (left), and Eugene Drager, president, of Corn Belt Power Cooperative.

of our service areas, affordable housing is hard to find. Sensing this shortage, we felt we could help the communities in our service area by developing cooperative housing projects for senior citizens, thus freeing up affordable homes for younger families.

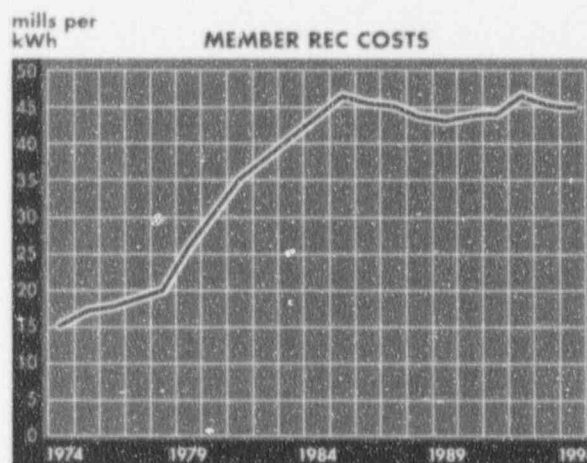
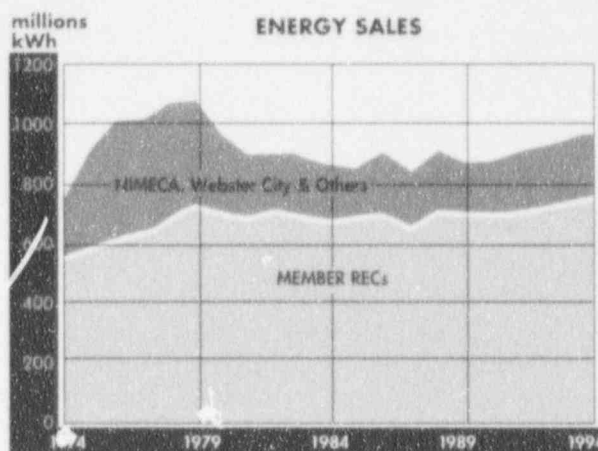
Rates in 1994 were stable as they will continue to be in 1995. Margins for 1994 were better than budgeted, resulting in Corn Belt returning a marketing rebate to members during 1994 in excess of \$600,000.

Higher sales and stable rates in 1994 were in part attributed to the success of our marketing program. In 1994, the marketing program helped in the sale of 783 new electric water heaters, 2,040 kW of new resistance heat and 477 new tons of heat pumps on Corn Belt systems' lines. One program called Power Olympics gets all employees and directors of our member systems involved in the marketing effort. In fact, Power Olympics has been so successful that NRECA'S Council of Rural Electric Communicators named it the most outstanding member communications program in the United States. It is our feeling that better public relations makes for a better system.

As a result of the success we have had marketing electric heat, our members decided to study the impact of various types of electric heating equipment on our system. This study will give us valuable input into future marketing efforts.

The Corn Belt Power headquarters building was remodeled during 1994. Replacing the original roof and windows in the 35-year-old building made the facility much more energy efficient. Improved appearance of the building, both inside and out, makes the image of the facility consistent with the cooperative's progressive attitude and confidence in the future.

In reviewing our year, we cannot leave out the many organizations that have helped contribute to our success. Our participation with our fellow cooperatives in the Iowa Area Development Group, the Iowa Environmental Group and the Iowa Marketing Group has helped hold costs down by sharing valuable resources. Our working relationships with the Mid-Continent Area Power Pool, the Western Area Power Administration, the North Iowa Municipal Electric Cooperative Association and its members and the investor-owned utilities of Iowa have helped us achieve our goals during 1994. We all work together to provide a reliable energy supply and an excellent transmission system in our area. We have worked closely together for many years, to the benefit of all.



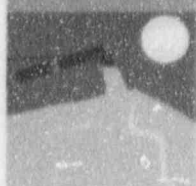
Average REC member system cost, including substation charge; calculated average REC rate reflects power sold to municipals served by RECs.

Eugene Drager
Eugene Drager, President

Dale M. Arends
Dale M. Arends, Executive Vice President & General Manager

A Powerful Harvest

OF KILOWATT-HOUR SALES



The combination of a bumper crop of corn to dry, a bitter cold January and a streak of hot humid weather in June pushed Corn Belt Power Cooperative firm power sales to an all-time record high in 1994.

Experiencing bitter cold temperatures in late January, residents in the East Central United States were dramatically reminded how necessary electricity is to keep warm and how valuable excess generation from the Midwest can be. Corn Belt Power Cooperative ran its Wisdom Station in Spencer and its Webster City Combustion Turbine in response to urgent calls for additional electricity during the week of January 16. Temperatures in Iowa during that week plunged to 28 degrees below zero with wind chill plummeting even lower.

With hot June weather driving up electricity usage, Corn Belt units once again responded to the demand for power, with Wisdom Station operating several days straight in June, averaging a 65 percent load factor. On Friday, June 17, Corn Belt had every available unit running to meet power needs. All peaking units, including Webster City Combustion Turbine, Spencer Combustion Turbine and all North Iowa Municipal Electric Cooperative Association (NIMECA) units, were running to fulfill electricity needs for Corn Belt Power, NIMECA and Midwest Power Systems consumers.

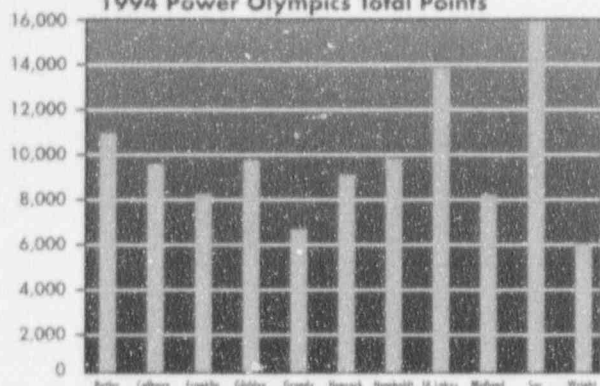
Ideal growing and harvesting conditions resulted in a bumper crop of corn to dry, with much of the drying demand occurring in October. In Iowa, 1.93 billion bushels of corn was harvested in 1994, an all-time high record for the state. Yields averaged 150 bushels per acre statewide, according to the National Agricultural Statistics Service.

Record sales can also be attributed to success in marketing efforts. In 1994, Power Olympics, a Corn Belt system-wide program that encourages goal setting and increased REC employee involvement in marketing and customer service, helped in the sale of 783 electric water heaters, 2,040 kW of new resistance heat and 477 new tons of heat pumps by Corn Belt Power member systems.

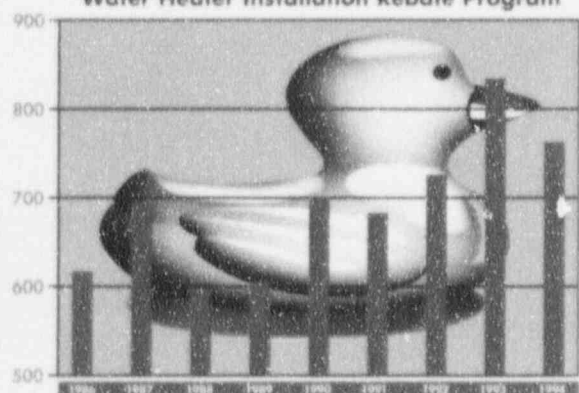
Midland Power Cooperative won the Power Olympics Grand Award for greatest percentage increase over its previous year and Sac County REC once again received the Top Points Award.

Additionally, Corn Belt Power Cooperative was recognized nationally for the Power Olympics program, receiving the Edgar F. Chesnut Award, the highest communication award granted by the Council of Rural Electric Communicators at the Spotlight on Excellence Awards July 26.

1994 Power Olympics Total Points



Water Heater Installation Rebate Program



Research continues with electronic demand meters that have been placed on targeted heating and cooling loads. Approximately 150 meters record kilowatt-hour use and demand characteristics of various types of heat pumps and electric resistance heating systems. The project analyzes costs and revenue in relation to marketing program incentives.

Corn Belt Power participated in projects with the Public Information Committee of the Iowa Association of Electric Cooperatives, including developing displays for the REC Day at the Iowa State Fair, donating time to the Camp Courageous project and developing promotional materials and presentations about electrotechnologies. Corn Belt also cosponsored a booth at the Clay County Fair, Spencer, with Iowa Lakes Electric Cooperative and Northwest Iowa Power Cooperative. Projects with the Iowa Marketing Group included the second "Momentum is Building" contractors' conference in February.



Ideal growing conditions resulted in a bumper crop of corn to store. At the Hardy Cooperative Elevator, mounds of corn were stored on the ground. Workers used vacuum tubes to scoop corn into semi-trailers.



A Powerful Harvest

OF ELECTRICITY AND RESPECT FOR THE ENVIRONMENT

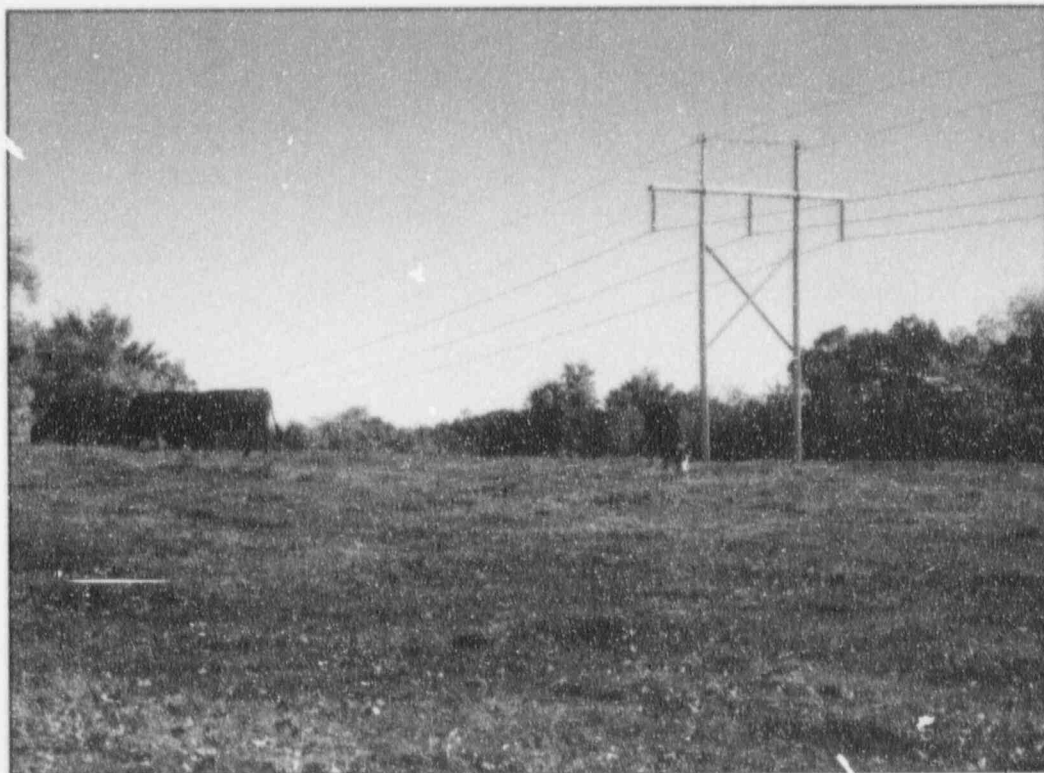


CEM Systems Comply with the Clean Air Act

Providing the power behind the 1994 record energy sales, Corn Belt's wholly- and jointly-owned generating stations had a productive year. Duane Arnold Energy Center, Palo, finished the year with a 88.1 percent capacity factor, the second highest generation total reached in its 22-year history. Other plants also had good production years, with capacity factors at 79 percent for Neal 4 and 62.6 percent for Council Bluffs 3. Capacity factors for Wisdom Station, and the Webster City Combustion Turbine were seven percent and one-half percent, respectively.

Striking Soo Line Railroad workers halted coal shipments to Wisdom Station, Spencer, in late summer. The United Transportation Union was ordered back to work temporarily by the U.S. government before Wisdom Station operations could be hampered by delayed shipments.

Corn Belt's jointly-owned Neal 4 and Council Bluffs 3 coal-fired plants experienced reductions in their coal inventories caused by increased turn around time in coal deliveries. High demand of low sulfur coal from the Powder River Basin in Wyoming limited the availability of timely shipments. The Clean Air Act of 1990 requires Phase I power plants to use low sulfur coal. Phase I plants are those 100 units identified as emitting the highest concentrations of sulfur dioxide. All of Corn Belt's coal-fired plants were part of the 2,300 plants identified as Phase II units.



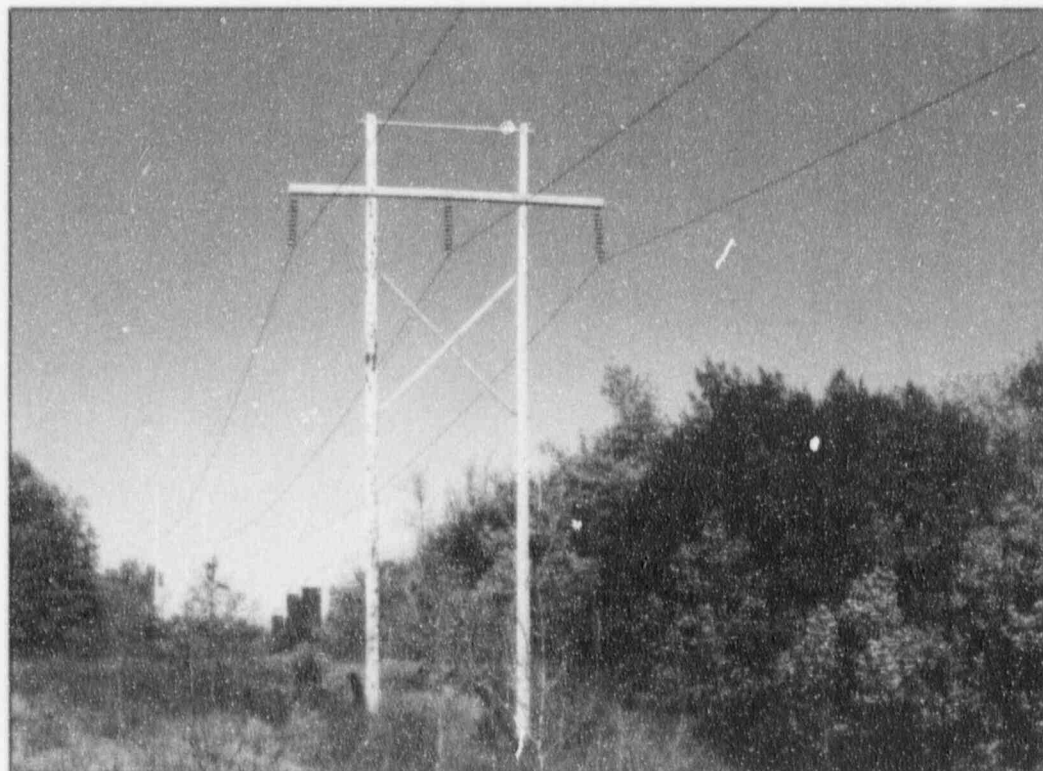
Corn Belt's generation and transmission facilities operate in harmony with Iowa's environment.

To assure clean operation and to demonstrate Corn Belt Power's concern for the environment, continuous emissions monitoring (CEM) systems were installed at all of Corn Belt's coal-fired facilities. The Clean Air Act of 1990 requires all Phase II units to have CEM systems installed and in operation by January 1, 1995. At Wisdom Station, Corn Belt employees installed the CEM system in the summer. After a contracted stack gas sampling firm completed certification testing in November, Corn Belt applied to the Environmental Protection Agency for certification of the CEM system in December. Response to that application will be returned in early 1995. Quarterly data reports from the CEM systems, which monitor gaseous boiler emissions, will be submitted beginning in 1995.

Also part of Corn Belt Power's environmental program, an oil containment project was completed at the Hope 161kV to 69 kV Substation near the Humboldt Station. Corn Belt employees formed a circular berm around the 161/69 kV transformer and 16 kV breaker and then lined the bermed area with high density polyethylene. Workers then covered the liner with rock. A holding pond, also lined with polyethylene, was constructed outside the substation. In the event the transformer should ever have a major spill, the containment area will control it.



Duane Arnold Energy Center, a nuclear power plant jointly-owned by Corn Belt Power Cooperative and other utilities, had an excellent operating year in 1994, finishing with its second highest capacity factor.



Power Plants
Achieved
High Capacity
Factors

A Powerful Harvest

OF RELIABILITY FOR OUR MEMBERS

Reliability of electrical service is a primary objective of Corn Belt Power and its member cooperatives. In 1994, Corn Belt was on line to its members 99.9927 percent of the time.

Several projects were underway during the year to further increase reliability. Emmetsburg and Humboldt transmission crews constructed nine miles of 69 kV line west of Marathon, completing the first of three phases that will further strengthen reliability in the Marathon/Laurens area. The new line will replace a 34.5 kV line previously owned and operated by IES Utilities. Corn Belt's new line assumed the right-of-way of IES Utilities' old line which was leaned away from construction work.

Beaver Creek Substation in Butler County REC's territory was completed in August. The substation will serve the town of Aplington.

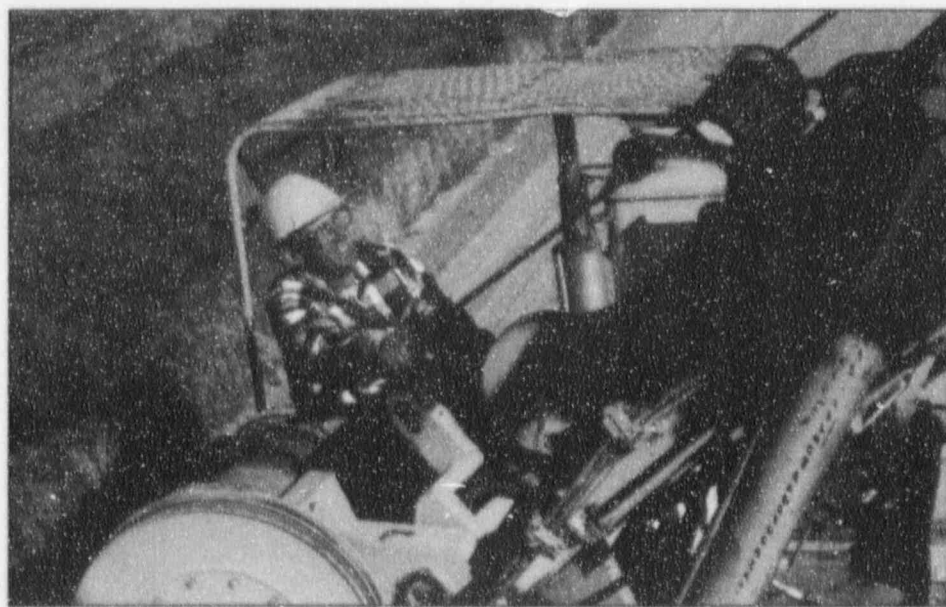
Corn Belt staff members spent many hours working on franchise hearings to try to locate transmission lines, finding that the general public is often not as accepting of transmission lines or substation sites as it used to be.

Maintenance programs are ongoing in both transmission and electrical maintenance. Walking and helicopter patrols examined lines for maintenance problems. Surveys were also conducted to identify where galloping lines

Corn Belt Power transmission crews constructed nine miles of line west of Marathon, the first of three phases that will strengthen reliability in the Marathon/Laurens area.

Reliability

*In 1994
Corn Belt Power
was on line to its
members 99.9927%
of the time.*



Bob Gress, journeyman lineman, operates the digger derrick during construction of the Marathon line.

are most likely to occur. Ground line treating involved inspection of poles for rotten areas. In addition to completing regular substation maintenance, electrical maintenance workers changed out insulators with higher than average failure rates and installed wildlife protection devices at substations where animals have caused outages. A Substation Study Committee was formed, which includes Corn Belt staff members and three distribution co-op managers who examine reliability needs and future technology and communications requirements of distribution substations.

General maintenance projects included painting the communications tower at Pocahontas and purchase of a skid loader that will save time and money in substation construction.

Installation of the new System Control and Data Acquisition (SCADA) system in the Corn Belt control center was 90 percent complete by the end of 1994. The new system will be faster than the 1977 model it replaces and will offer more capacity, handle more remotes, and increase reliability. A radio control switch system will also be incorporated into the SCADA system. The new computer equipment will also be more efficient to operate during storms. Final testing will be completed in early 1995 and the system will be in full operation in March.



John Larson, journeyman lineman, tightens a through bolt while finishing framing a pole.



The Corn Belt Power Emmetsburg crew cleans off the auger after digging a hole to set a pole for the Marathon line.

Service Reliability is
a Primary Objective

A Powerful Harvest

OF EMPLOYEE CONTRIBUTION, HARD WORK AND DECISION MAKING

Saws hummed and hammers pounded as Humboldt headquarters underwent extensive remodeling throughout 1994. Since construction in 1958, the only major modification the building had received was a new heating system in the late 1980s. Leaks in the roof and windows necessitated renovation. With an updated handicapped-accessible entry and modified rest rooms, the building is now in compliance with the Americans with Disabilities Act specifications. The remodeled facilities reflect Corn Belt's progressive attitude and confidence in the future.

The Facilities Reflect Our Progressive Attitude

In an interesting side note, the original 1950s era kitchen cabinets and appliances removed from Humboldt headquarters were donated to Living History Farms, Urbandale, to be included in a new exhibit showing how electricity and technology helped the 1950s farm wife.

A new digital phone system featuring voice mail, automatic call back, and speed dialing was installed in March.

In preparation for the future, the Corn Belt Power Cooperative Board of Directors initiated a strategic planning process to identify the cooperative's objectives and strategy for achieving those objectives in the future. The Corn Belt Power Cooperative Strategic Plan confirmed the cooperative's mission: *"To be a proactive generation and transmission cooperative providing reliable and competitively priced electrical energy meeting the needs of existing members and potential new members and to proactively evaluate other services that might improve the competitive position of member organizations and the Corn Belt system, and to provide such other services as mutually agreed upon by a member organization and Corn Belt."*



Corn Belt Power Cooperative headquarters underwent extensive remodeling to increase energy efficiency and to be in compliance with the Americans with Disabilities Act.

CORN BELT POWER'S 1994 STRATEGIC PLAN FOCUSES ON:

- communication of information to the board and employees
- investigation of repowering options for Corn Belt plants
- continued focus on economic development efforts
- continued evaluation of electric energy needs of members
- improvement and consolidation of services where possible
- development of a human resources plan that includes employee training
- development of a program to evaluate alternative sources of generation
- development of a legislative and regulatory action plan
- development of a plan for maintaining and upgrading the transmission and substation system
- development of a system of measurement to implement the strategic plan

NEW EMPLOYEES

Bruce Davis,
plant engineer,
Wisdom Station—Feb. 1

Roxanne Bormann,
file clerk/word processor
operator—May 2

James Fevold
custodian—June 6

RETIRED

George Toyne
executive vice president and
general manager—May 31

Dale Patton
meter technician—Dec. 31

SERVICE AWARDS

Each year, Corn Belt Power Cooperative honors its longterm employees by presenting them with special awards.

IN 1994, THESE EMPLOYEES
WERE RECOGNIZED:

Allan Becker
communications superintendent
—20 years

Joseph Hanrahan
system supervisor—20 years

Paul Clay
system supervisor—25 years

Bill Fort
journeyman electrician,
Humboldt—25 years

Norman Moffitt
control operator,
Wisdom Station—25 years

Ronald Davis
communications technician,
Hampton—30 years

Myron Card
line foreman, Hampton
—35 years

Ralph Larsen
shift operator, Wisdom Station
—35 years

Philip Rath
chief engineer, Wisdom Station
—35 years

A Powerful Harvest

OF ECONOMIC DEVELOPMENT AND NEW JOBS

Corn Belt has always been a strong supporter of economic development and growth. In August, the board of directors voted to strengthen its role by becoming a direct financial participant in the purchase of industrial sites, construction of speculative buildings and the development of rural housing projects.

In 1994, Corn Belt, in partnership with its member cooperatives, was instrumental in several new economic development ventures. They included:

The purchase of additional land in the Humboldt Industrial Park

Construction of a speculative building in the Spencer Technical Park

The creation of a revolving loan fund for housing rehabilitation and development in Sac. County REC's service territory

Construction of a speculative building near Glidden

Development of the Lakes Business Park in Spirit Lake and the construction of a speculative building in the park

Support of possible expansion into new markets by Green Products, a company served by Grundy County REC

Rehabilitation of an existing industrial building in Iowa Falls

Several New Development Ventures Began in 1994

Corn Belt Power continued to actively support Iowa Area Development Group (IADG) efforts in 1994. During the year, IADG announced a total of 63 new projects, 22 of which are served by Corn Belt's distribution co-op members and four are served by members of North Iowa Municipal Electric Cooperative Association.

In April, Corn Belt teamed up with Northwest Iowa Power Cooperative (NIPCO) and the Iowa Bankers Association to create Iowa Homes, Inc., a cooperative housing project for senior Iowans. Iowa Homes works with communities to assess housing need and provide high amenity, affordable housing for seniors while freeing up quality housing for young families. The all-electric Iowa Homes projects will be built in areas served by members of Corn Belt or NIPCO and will have energy efficient electric heating and cooling systems. Cooperative housing is non-profit and residents own a share in the entire building. They have control over management and operations and resale of units and can enjoy tax benefits of home ownership.

Corn Belt Power again co-hosted the Mid-Iowa Community Development Conference in February with Iowa State University Extension. The conference is designed for small town leaders to share ideas about successful community development programs.

This artist's concept shows what an Iowa Homes Cooperative senior housing project might look like.



BALANCE SHEETS

December 31, 1994 and 1993

ASSETS

	1994	1993
ELECTRIC PLANT (Notes 2 and 6):		
In service	\$ 199,459,396	\$ 176,474,599
Less-accumulated depreciation	103,064,047	97,372,960
	<u>96,395,349</u>	<u>99,101,639</u>
Construction work in progress	3,823,754	3,203,145
Nuclear fuel, net of amortization (Note 2)	6,835,981	7,056,292
	<u>107,055,084</u>	<u>109,361,076</u>
OTHER PROPERTY AND INVESTMENTS:		
Nonutility property	422,131	422,131
Investment in the National Rural Utilities Cooperative Finance Corporation (Note 2)	2,515,707	2,515,890
Land held for future generating site (Note 8)	3,856,509	3,856,509
Decommissioning fund (Note 2)	7,925,336	6,742,738
Other investments and receivables (Notes 2 and 10)	7,871,575	7,393,905
	<u>22,591,258</u>	<u>20,931,173</u>
CURRENT ASSETS:		
Cash and cash equivalents	6,930,938	7,058,223
Short-term investments	888,935	2,563,927
Member accounts receivable	3,520,203	3,797,128
Other receivables	188,624	242,324
Inventories -		
Fuel, primarily coal, at last-in first-out cost	989,249	1,438,639
Materials and supplies, at average cost	2,119,491	2,004,746
Prepayments	813,690	414,381
	<u>15,451,130</u>	<u>17,519,368</u>
DEFERRED CHARGES:		
Deferred Department of Energy decommissioning costs (Note 12)	1,803,766	1,789,147
Deferred spent nuclear fuel disposal costs (Note 9)	560,616	720,792
Deferred refueling costs (Note 2)	311,782	1,780,226
Unamortized refinancing cost (Note 4)	569,618	691,777
Other (Note 7)	1,500,283	1,527,505
	<u>4,746,065</u>	<u>6,509,447</u>
	<u>\$ 149,843,537</u>	<u>\$ 154,321,064</u>

The accompanying notes to financial statements are an integral part of these statements.

BALANCE SHEETS

December 31, 1994 and 1993

MEMBERSHIP CAPITAL AND LIABILITIES

	1994	1993
MEMBERSHIP CAPITAL:		
Memberships, at \$100 per membership	\$ 1,400	\$ 1,400
Deferred patronage dividends, per accompanying statements (payment restricted as indicated in Note 3)	7,067,255	6,717,255
Other equities, per accompanying statements	14,284,088	13,799,243
Unrealized gain in market value of investments (Note 2)	66,292	0
	<u>21,419,035</u>	<u>20,517,898</u>
LONG-TERM DEBT (Note 4):		
Rural Utilities Service	40,973,564	43,014,564
Federal Financing Bank	69,522,725	71,330,792
Capital lease obligations (Note 2)	5,170,523	5,918,708
Pollution control revenue bonds	2,605,000	2,735,000
	<u>118,271,812</u>	<u>122,999,064</u>
Less - Current maturities of long-term debt	4,876,817	4,740,918
	<u>113,394,995</u>	<u>118,258,146</u>
OTHER LONG-TERM LIABILITIES:		
Deferred Department of Energy decommissioning costs (Note 12)	1,594,098	1,615,132
Deferred compensation	188,595	237,540
	<u>1,782,693</u>	<u>1,852,672</u>
CURRENT LIABILITIES:		
Current maturities of long-term debt	4,876,817	4,740,918
Accounts payable	2,606,310	3,071,270
Accrued property and other taxes	2,354,517	2,412,044
Accrued interest and other	1,902,409	2,116,716
	<u>11,740,053</u>	<u>12,340,948</u>
DEFERRED CREDITS:		
Other (Note 7)	1,506,761	1,351,400
	<u>\$149,843,537</u>	<u>\$154,321,064</u>

The accompanying notes to financial statements are an integral part of these statements.

STATEMENTS OF REVENUES AND EXPENSES

For the Years Ended December 31, 1994 and 1993

	1994	1993
OPERATING REVENUES:		
Sales of electric energy	\$ 40,642,276	\$ 40,435,769
Other	2,812,581	2,794,358
	<u>43,454,857</u>	<u>43,230,127</u>
OPERATING EXPENSES:		
Operation -		
Steam and other power generation	15,274,435	14,483,702
Purchased power, net	1,068,005	1,354,008
Transmission	1,548,817	1,520,528
Sales	726,394	439,405
Administrative and general	3,645,669	3,575,792
Maintenance -		
Steam and other power generation	3,511,169	3,969,906
Transmission	678,439	540,625
General plant	36,143	31,189
Depreciation and decommissioning (Note 2)	6,222,442	6,064,995
Property and other taxes	2,518,692	2,548,761
	<u>35,230,205</u>	<u>34,528,911</u>
Net Operating Revenues	<u>8,224,652</u>	<u>8,701,216</u>
INTEREST AND OTHER DEDUCTIONS:		
Interest on long-term debt	7,758,991	8,316,920
Other interest (Note 2)	520,963	496,273
Interest during construction (Note 2)	(261,090)	(264,889)
Other deductions	87,472	89,627
Amortization of reacquired debt (Note 4)	544,436	300,680
Amortization of loan expense	22,077	22,126
	<u>8,672,849</u>	<u>8,960,737</u>
NET OPERATING MARGIN (DEFICIT)	<u>(448,197)</u>	<u>(259,521)</u>
NON-OPERATING MARGIN:		
Interest income	1,035,595	1,115,385
Other, net	472,607	335,241
	<u>1,508,202</u>	<u>1,450,626</u>
NET MARGIN	<u>\$ 1,060,005</u>	<u>\$ 1,191,105</u>

The accompanying notes to financial statements are an integral part of these statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1994 and 1993 (Note 2)

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	\$ 1,060,005	\$ 1,191,105
Adjustments to reconcile net margin to cash provided by operations:		
Depreciation and amortization	5,944,678	5,815,567
Amortization of nuclear fuel	2,249,594	1,578,531
Amortization of deferred refueling costs	1,466,126	1,314,897
Amortization of spent nuclear fuel disposal costs	160,176	160,176
Amortization of refinancing cost	544,436	300,680
Amortization of Department of Energy decommissioning costs	108,779	125,485
Changes in current assets and liabilities:		
Accounts receivable	330,625	144,142
Inventories	334,645	339,192
Prepayments	(399,309)	206,794
Accounts payable	(464,960)	711,179
Accrued property and other taxes	(57,527)	(43,224)
Accrued interest and other liabilities	(130,008)	1,522,072
Decrease in deferred compensation	(48,945)	(60,313)
Payment to Department of Energy for decommissioning	(228,731)	(99,750)
Other	182,583	148,610
Net cash provided by operating activities	<u>11,052,167</u>	<u>13,355,143</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(4,727,252)	(4,206,143)
Deferred patronage dividends paid	(250,000)	(250,000)
Cost of refinancing	(422,277)	(504,497)
Net cash used in financing activities	<u>(5,399,529)</u>	<u>(4,960,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to electric plant, net	(3,614,567)	(3,724,534)
Additions to nuclear fuel	(2,029,283)	(2,134,906)
Change in deferred refueling costs	2,318	(2,130,979)
Additions to decommissioning fund	(1,116,306)	(1,072,860)
Change in other investments	977,915	1,221,510
Net cash used in investing activities	<u>(5,779,923)</u>	<u>(9,284,789)</u>
Net decrease in cash and cash equivalents	(127,285)	(890,286)
CASH AND CASH EQUIVALENTS AT:		
Beginning of year	7,658,223	7,948,509
End of year	<u>\$ 6,938,938</u>	<u>\$ 7,058,223</u>

The accompanying notes to financial statements are an integral part of these statements.

STATEMENTS OF DEFERRED PATRONAGE DIVIDENDS AND OTHER EQUITIES

For the Years Ended December 31, 1994 and 1993

	1994	1993
DEFERRED PATRONAGE DIVIDENDS:		
Balance assigned beginning of year	\$ 6,717,255	\$ 6,367,255
Net margin	1,060,005	1,191,105
Revenue deferred patronage dividends	24,840	16,980
	<u>7,802,100</u>	<u>7,575,340</u>
Patronage dividends paid	(250,000)	(250,000)
Appropriation of margin -		
Reserve for contingent losses	(234,845)	(358,085)
Statutory surplus	(250,000)	(250,000)
Balance assigned end of year	<u>\$7,067,255</u>	<u>\$ 6,717,255</u>

OTHER EQUITIES:

(Appropriated Margins)

	Statutory Surplus	Reserve for Contingent Losses	Total
Balance December 31, 1992	\$ 2,599,484	\$ 10,591,674	\$ 13,191,158
Appropriation of margin	250,000	358,085	608,085
Balance December 31, 1993	2,849,484	10,949,759	13,799,243
Appropriation of margin	250,000	234,845	484,845
Balance December 31, 1994	<u>\$ 3,099,484</u>	<u>\$ 11,184,604</u>	<u>\$ 14,284,088</u>

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

NOTE (1) ORGANIZATION:

Corn Belt Power Cooperative (the Cooperative) is a Rural Utilities Service (RUS), formerly Rural Electrification Administration, financed generation and transmission cooperative created and owned by twelve distribution cooperatives and one municipal cooperative association. Electricity supplied by the Cooperative serves farms, small towns and commercial and industrial businesses across 27 counties in north central Iowa.

The Cooperative's Board of Directors is comprised of one representative from each member cooperative and is responsible for, among other things, establishing rates charged to the member cooperatives.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES:

The Cooperative maintains its accounting records in accordance with the Uniform System of Accounts as prescribed by the RUS. The significant accounting policies are described below.

A. Electric Plant

Electric plant is stated at original cost which includes payroll and related benefits, sales and use taxes, property taxes and interest during the period of construction.

Costs in connection with repairs of properties and replacement of items less than a unit of property are charged to maintenance expense. Additions to and replacements of units of property are charged to electric plant accounts.

B. Depreciation and Decommissioning

Depreciation is provided using straight-line methods and RUS prescribed lives. These provisions, excluding nuclear facilities, were equivalent to a composite depreciation rate on gross plant of 2.74% for both 1994 and 1993.

Under a joint-ownership agreement, the Cooperative has a 10% undivided interest in the Duane Arnold Energy Center (DAEC), a nuclear-fueled generating station, which was placed in service in 1974. The Cooperative is depreciating its interest in the DAEC and each year's property additions subsequent to 1984 on a straight-line basis over the remaining term of the initial Nuclear Regulatory Commission license for DAEC (2014). The composite depreciation rate on gross plant for DAEC was 3.23% and 3.15% for 1994 and 1993, respectively.

A Nuclear Regulatory Commission estimate of the decommissioning costs of DAEC was updated in 1994. This report estimated the Cooperative's share of the decommissioning costs of DAEC to be approximately \$36,500,000 (in 1994 dollars). The Cooperative is providing for overall nuclear decommissioning costs using a funding method which assumes a 5% rate of inflation and 3% real rate of return. The method is designed to accumulate a decommissioning reserve sufficient to cover the Cooperative's share of decommissioning costs by the year 2014.

Decommissioning costs are included in depreciation and decommissioning expense in the Statements of Revenues and Expenses. Such costs were \$579,221 and \$576,192 for 1994 and 1993, respectively.

The total decommissioning funds accumulated at December 31, 1994, were \$7,925,336, of which \$3,961,090 has been placed in a fund legally restricted for use in decommissioning DAEC. The remaining \$3,964,246, while not legally restricted, has been designated by the Cooperative for use in decommissioning DAEC. The interest component shown as other interest was \$520,963 and \$496,273 for 1994 and 1993, respectively.

C. Nuclear Fuel

The cost of nuclear fuel is amortized to steam and other power generation expenses based on the quantity of heat produced for the generation of electric energy. Such amortization was \$2,249,594 and \$1,578,531 for 1994 and 1993, respectively.

D. Deferred Refueling Costs

The Cooperative defers extraordinary operation and maintenance expenses incurred during refueling outages of DAEC. These costs are being amortized to expense based on the expected generation of the next fuel cycle which corresponds with the period the Cooperative is recovering these costs in its rates. Such amortization was \$1,466,126 and \$1,314,897 for 1994 and 1993, respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

E. Interest During Construction -

Interest during construction represents the cost of funds used for construction and nuclear fuel refinement. The average rate was 6.4% and 6.1% for 1994 and 1993, respectively, and is based on the Cooperative's levels and costs of financing.

F. Capital Lease -

The Cooperative has a long-term lease agreement with the City of Webster City (Webster City) under which Webster City has agreed to provide certain generation and transmission facilities to the Cooperative. In return, the Cooperative will pay a minimum charge which approximates the debt service on these facilities. The Cooperative has capitalized this lease and reflected it in electric plant and has reflected the related obligation as a capital lease obligation.

G. Income Taxes -

The Cooperative is exempt from federal and state income taxes under section 501(c) (12) of the Internal Revenue Code.

H. Statements of Cash Flows -

For purposes of reporting cash flows, the Cooperative considers temporary cash investments purchased with a maturity of three months or less to be cash equivalents. Cash paid for interest, net of interest capitalized, was \$7,569,443 and \$6,574,071 for 1994 and 1993, respectively.

I. Cash and Investments -

The Cooperative has cash and investments in the following:

	1994	1993
Obligations of the U.S. government and its agencies	\$ 4,683,826	\$ 5,489,892
Corporate bonds	1,181,969	1,747,099
Common and preferred stock	2,280,154	1,755,250
National Rural Utilities Cooperative Finance Corporation commercial paper	5,364,062	6,529,737
Cash and CD's deposited with federally insured financial institutions	880,746	1,154,295
Funds held in trust invested primarily with Iowa Public Agency Investment Trust	6,809,844	5,548,878
Economic development investments	2,081,285	1,390,147
Other investments	334,898	143,495
	<u>\$23,616,784</u>	<u>\$ 23,758,793</u>

The above investments are included as follows in the accompanying balance sheets:

Decommissioning fund	\$ 7,925,386	\$ 6,742,738
Other investments and receivables	7,871,575	7,393,905
Cash and cash equivalents	6,930,938	7,058,223
Short-term investments	888,935	2,563,927
	<u>\$ 23,616,784</u>	<u>\$ 23,758,793</u>

The above amounts include \$6,572,606 and \$6,954,259, at December 31, 1994 and 1993, respectively, which must be used to fund construction of electric plant.

The carrying amounts of cash and cash equivalents and short-term investments of \$7,819,873 and \$9,622,150 at December 31, 1994 and 1993, respectively, approximate the fair value because of the short maturity of these investments. The fair value of decommissioning fund investments and other investments and receivables are based on quoted market prices for those or similar investments, where available. The fair value and carrying costs of these investments are as follows:

	1994	1993
Decommissioning fund carrying value	\$ 7,925,386	\$ 6,742,738
Decommissioning fund fair value	\$ 7,569,849	\$ 7,011,185
Other investments carrying value	\$ 5,317,893	\$ 5,649,936
Other investments fair value	\$ 5,322,257	\$ 5,695,104

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

For other investments and receivables of \$2,553,682 and \$1,743,969 at December 31, 1994 and 1993, respectively, for which there were no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. These investments included \$1,000,000 invested in the preferred stock of the Iowa Capital Corporation (ICC). The ICC is a for-profit corporation established for the purpose of advancing economic development in the state of Iowa.

After payment of operating costs and certain reserves, the net proceeds of ICC will be paid to the preferred stockholders, including the Cooperative, until the preferred stock investment plus a 15% cumulative return has been returned. After which, any remaining proceeds will be split 2/3 to the preferred stockholders and 1/3 to the common stockholders (the state of Iowa).

The Cooperative has an investment of \$2,515,707 and \$2,515,890, at December 31, 1994 and 1993, respectively, with the National Rural Utilities Cooperative Financial Corporation (CFC). This investment is required in order to allow the Cooperative to borrow funds from CFC. The investment earns interest of 5% on \$2,195,507 which matures between 2070 and 2080 and 3% on \$319,289 which matures between 2007 and 2025.

The Cooperative adopted SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" effective January 1, 1994. Under the statement, the Cooperative's investments in marketable equity securities are reported at fair value with unrealized gains and losses reported as a net amount in a separate component of membership capital until realized. The Cooperative's debt investments are intended to be held to maturity. As such, the adoption of SFAS No. 115 did not change the Cooperative's accounting for these debt investments.

NOTE (3) DEFERRED PATRONAGE DIVIDENDS AND OTHER EQUITIES:

In accordance with the Iowa Code, the Board of Directors is required to allocate a portion of the current year's net margin to statutory surplus until the statutory surplus equals 30% of total equity. No additions can be made to statutory surplus whenever it exceeds 50% of total equity. The Board of Directors appropriated \$250,000 of the 1994 net margin to statutory surplus.

The equity designated "Reserve for contingent losses" in the Statements of Deferred Patronage Dividends and Other Equities is an appropriation of equity by the Board of Directors. The Board of Directors appropriated \$234,845 of the 1994 net margin to Reserve for contingent losses. There is no statutory restriction of this equity.

The Board of Directors is permitted by the Iowa Code to allocate the current year's net margin to deferred patronage dividends upon meeting certain requirements and is required to make such allocations if the net margin for the year exceeds specified maximums. The Board of Directors has appropriated \$600,000 of the 1994 net margin to deferred patronage dividends. Deferred patronage dividends are to be paid in the future as determined by the Board of Directors.

Under the conditions of the Cooperative's mortgages, deferred patronage dividends cannot be retired without approval of the RUS and the CFC unless the remaining equity meets certain tests. The Cooperative does not meet these tests at December 31, 1994. However, the Cooperative received permission and retired \$250,000 of the 1982 patronage dividends during 1994.

NOTE (4) LONG-TERM DEBT:

Long-term debt consists of mortgage notes payable to the United States of America acting through the RUS and the Federal Financing Bank (FFB), capital lease obligations, and notes issued in conjunction with the issuance of pollution control revenue bonds. Substantially all the assets and all rent, income, revenue and net margin of the Cooperative are pledged as collateral for the long-term debt of the Cooperative. Long-term debt is comprised of:

	1994	1993
Mortgage notes due in quarterly installments:		
RUS 2% due 1995-2008	\$ 14,543,375	\$ 15,761,837
RUS 5% due 1995-2019	26,430,189	27,252,727
FFB 5.5%-11.8% due 1995-2019	69,522,725	71,830,792
	<u>110,496,289</u>	<u>114,845,356</u>
Capital lease obligations -		
Webster City Revenue Bonds		
4.7%-7.8% due 1995-2002	<u>8,170,523</u>	<u>5,918,708</u>
Pollution control revenue bonds		
5.7%-6.125% due serially		
1995-1997 and term due 2007	<u>2,605,000</u>	<u>2,735,000</u>
	<u>\$118,271,812</u>	<u>\$122,999,064</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

Maturities of long-term debt for the next five years are as follows:

Year	Maturity
1995	\$ 4,876,817
1996	5,092,058
1997	5,297,862
1998	5,080,561
1999	5,366,319

In connection with the mortgage notes, the Cooperative had available at December 31, 1994, \$3,882,000 from CFC to meet future borrowing needs. In 1993, the Cooperative received approval for \$16,939,000 of available FFB loan funds to be used for qualifying construction projects. The Cooperative has \$2,219,909 of unreimbursed capital additions which it anticipates will be funded by the most recent FFB loan in 1995. The Cooperative had available at December 31, 1994, an unused \$12,000,000 line of credit with CFC of which \$1,000,000 is available only in the event of a nuclear incident.

Based on the borrowing rates currently available to the Cooperative for debt with similar terms and maturities, the fair value of long-term debt was \$112,775,003 and \$130,472,368, at December 31, 1994 and 1993, respectively.

The Cooperative paid the FFB \$422,278 and \$504,497 in 1994 and 1993, respectively, to reduce the interest rate on a number of its FFB debt issues. The fees have been deferred and are being amortized over three years which corresponds with the period the Cooperative is recovering the fees in rates. The present value savings as a result of the interest rate reduction, less the fees, was \$854,116 for the 1994 transactions and \$1,138,033 for the 1993 transactions.

NOTE (5) CONSTRUCTION COMMITMENTS:

Total construction expenditures for 1995, including expenditures for the jointly-owned units, are estimated to be \$6,801,460 of which \$460,250 is for the purchase of nuclear fuel at DAEC.

NOTE (6) JOINT PLANT OWNERSHIP:

Under joint-ownership agreements with other Iowa utilities, the Cooperative had undivided interests at December 31, 1994 in three electric generating units as shown below:

	Neal Unit #4	Council Bluffs Unit #3	Duane Arnold Energy Center
Total electric plant	\$ 44,604,240	\$ 14,241,773	\$ 66,264,957
Accumulated depreciation	\$ 21,175,048	\$ 6,342,110	\$ 24,506,573
Unit accredited capacity - MW	624	675	530
Cooperative's share percent	11.3%	3.8%	10.0%
Capital cost per KW	\$ 633	\$ 555	\$ 1,250

Each participant provided its own financing for its share of the unit. The Cooperative's share of direct expenses of the jointly-owned units is included in the operating and maintenance expenses on the Statements of Revenues and Expenses.

During 1991, the Cooperative, one of its members, North Iowa Municipal Electric Cooperative Association (NIMECA), and the City of Grady Center (the City), a NIMECA member, entered into a long-term lease agreement for the use by the City of two megawatts of the Cooperative's capacity in the Neal #4 generation facilities. The Cooperative will continue to act as the Neal #4 partner on behalf of the City. The above plant statistics have been reduced to reflect the agreement.

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

NOTE (7) PENSION PLAN:

The Cooperative has a deposit administration defined benefit plan which covers substantially all employees. The plan is funded jointly by contributions from the Cooperative and all participants. Assets are held on deposit by an insurance company in its general account.

Benefits paid to retired employees are equal to 2 1/4% of the average monthly earnings multiplied by the years of service since January 1, 1973.

The Cooperative has recorded pension expense equal to its funding contribution in its Statements of Revenues and Expenses consistent with the rate treatment allowed this cost.

Net periodic pension cost for the years ended 1994 and 1993 includes the following components:

	1994	1993
Service cost-benefits earned during the period	\$ 276,894	\$ 242,966
Interest cost on projected benefit obligation	425,827	365,944
Reduction in pension cost from actual return on assets	(407,023)	(422,027)
Net amortization and deferral	22,952	54,934
Net periodic pension cost - employees	(99,673)	(72,545)
Net periodic pension cost - employer	217,977	169,272
Change in expenses due to rate regulation	86,927	14,572
Total pension expense	\$ 304,904	\$ 183,844

Assumptions used were:

	1994	1993
Discount rate	7.50%	6.50%
Rate of increase in compensation levels	4.50%	5.50%
Expected long-term rate of return on assets	8.00%	8.00%

The following table presents the plan's funding status and amounts recognized in the Cooperative's balance sheets as of December 31, 1994 and 1993:

	1994	1993
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ 3,975,522	\$ 4,467,949
Nonvested benefit obligation	237,037	234,981
Accumulated benefit obligation	4,212,559	4,702,930
Provision for future pay increases	1,692,946	2,163,242
Projected benefit obligation	5,905,505	6,866,172
Plan assets at fair value	5,246,108	4,968,320
Projected benefit obligation greater than plan assets	(659,397)	(1,897,852)
Unrecognized net (gain) loss	(722,848)	525,831
Unrecognized prior service cost	17,824	20,226
Unrecognized net transition obligation	275	895
Accrued pension cost recognized in the balance sheets	\$ (1,364,146)	\$ (1,351,400)

The Cooperative also provides a 401(k) plan which is available to all employees with the Cooperative matching 25% of the employees' contribution up to 4% of the employees' wages.

In addition, the Cooperative provides certain health and life insurance benefits to active employees. Retired employees may continue medical insurance coverage at their own cost.

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

NOTE (8) LAND HELD FOR FUTURE GENERATING SITE:

The Cooperative is a participant in Allied Power Cooperative of Iowa (Allied). Allied was organized for the purpose of building a generation plant and related transmission facilities to provide for the future power needs of its member cooperatives. During 1980, Allied determined that the estimated future power needs of its member cooperatives had declined and that the continued development of its plant site was not feasible. It is contemplated that the plant site will be developed in the future as the needs for power increase.

NOTE (9) LIABILITY FOR SPENT NUCLEAR FUEL DISPOSAL COSTS:

The Nuclear Waste Disposal Act of 1982 gave approval to the federal government to construct a repository for the nation's civilian spent nuclear fuel. The Act stated that funding for this repository would be provided by assessing nuclear generating unit owners a one-time fee for spent nuclear fuel being stored on-site at each nuclear facility in April 1983, and by assessing all future energy generated by nuclear facilities at a rate of 1.0 mil per kilowatt hour. The Cooperative is paying the post-1983 fees on a current basis and such fees are being charged to steam and other power generation expenses. The Cooperative has previously paid the one-time fee and is amortizing it to expense over a thirteen year period ending in 1998 which corresponds with the period the Cooperative is recovering these costs in its rates. In both 1994 and 1993, \$160,176 was amortized to steam and other power generation expenses.

NOTE (10) NIMECA COMBINED TRANSMISSION SYSTEM:

In 1989, the Cooperative and one of its members, NIMECA, entered into a joint transmission agreement which allows several members of NIMECA an individual undivided ownership interest in and access to the Cooperative's transmission system. The Cooperative has a receivable of \$4,665,999 from a trust established by NIMECA for ultimate payment to the Cooperative. These funds can only be used to fund RUS approved transmission projects. The Cooperative will continue to operate and maintain the system. NIMECA members will reimburse the Cooperative for the proportionate share of operating expenses of the system and will contribute proportionately for all future capital additions of the system. The reimbursement of the 1994 and 1993 operating expenses were \$528,052 and \$554,683 respectively, and were recorded as operating revenues. Additionally, the Cooperative and NIMECA entered into a capacity sharing agreement which provides for the sharing of generating resources through at least 2009.

NOTE (11) CLEAN AIR ACT:

The Clean Air Act (Act), as amended, made significant changes in the nation's clean air laws. The Act's specific amendments to acid deposition control (acid rain) make significant reductions in the amounts of sulfur dioxide and nitrous oxide emissions allowed on an annual basis nationwide. The Cooperative's coal-fired generating stations are in compliance with the standards established by Phase I of the Act and management has begun implementing programs necessary to meet the compliance requirements of Phase II which will be effective in the year 2000.

NOTE (12) NATIONAL ENERGY POLICY ACT:

The Federal National Energy Policy Act of 1992 requires owners of nuclear power plants to pay a special assessment into a "Uranium Enrichment Decontamination and Decommissioning Fund." The assessment is based upon prior nuclear fuel purchases and for the DAEC averages approximately \$1,424,600 annually through 2007, of which the Cooperative's 10% share is \$142,460. The Cooperative's total assessment of \$2,038,030, which will be recovered in rates, has been recorded as a liability, net of payments, in the balance sheets. This liability, totaling \$1,709,549 on December 31, 1994, has been recorded with a corresponding deferred charge amortized over a 15-year period, beginning in 1992.

NOTES TO FINANCIAL STATEMENTS

December 31, 1994 and 1993

NOTE (13) NUCLEAR INSURANCE PROGRAM:

The Cooperative, under the provisions of the Price-Anderson Amendments Act of 1988 (the 1988 Act), has the benefit of \$8.9 billion of public liability coverage. The coverage consists of \$200,000,000 of insurance and \$8.7 billion of potential retroactive assessments from the owners of each commercial nuclear power plant. Under the 1988 Act for losses relating to nuclear accidents in excess of \$200,000,000 each nuclear reactor may be assessed a maximum of \$79,300,000 per nuclear incident, payable in annual installments of not more than \$10,000,000. The Cooperative's assessment on its 10% ownership in DAEC may be up to \$7,930,000 per nuclear incident with a maximum of \$1,000,000 per year. These limits are subject to adjustments for inflation in future years.

Pursuant to provisions in various nuclear insurance policies, the Cooperative could be assessed retroactive premiums in connection with future accidents at a nuclear facility owned by a utility participating in the particular insurance plan. In addition, the Cooperative could be assessed \$1,200,000 related to coverages for excess property damage if the insurer's losses relating to an accident exceed its reserves. While assessment may also be made for losses in certain prior years, the Cooperative is not aware of any losses in such years that it believes are likely to result in an assessment.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS OF CORN BELT POWER COOPERATIVE:

We have audited the accompanying balance sheets of Corn Belt Power Cooperative (a cooperative association incorporated in Iowa) as of December 31, 1994 and 1993, and the related statements of revenues and expenses, cash flows and deferred patronage dividends and other equities for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corn Belt Power Cooperative as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Kansas City, Missouri
February 16, 1995

ARTHUR ANDERSEN LLP

Board of Directors



President
Eugene Drager
Humboldt Co. REC



Vice President
Ronald Deiber
NIMECA



Secretary
Donald Feldman
Butler Co. REC



Treasurer
Carrol Boehnke
Hancock Co. REC



Asst. Sec./Treasurer
Donald O'Tool
Calhoun Co. Electric Coop



Roger Rust
Franklin REC



Lawrence Wittr
Glidden REC



Donald McLean
Grundy Co. REC



L. Kirby Range
Iowa Lakes Electric
Cooperative



Keith Gelder
Midland Power
Cooperative



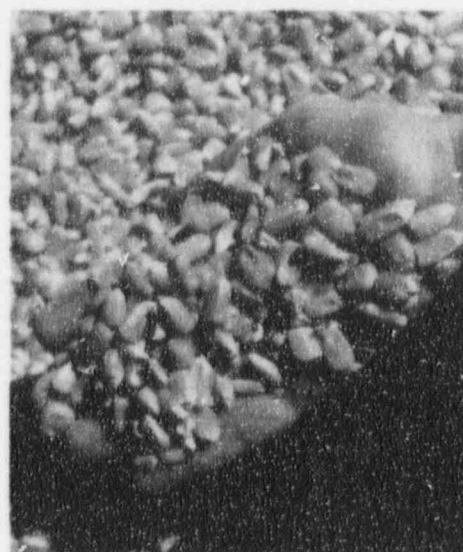
Norman Kolbe
Sac Co. REC



Russell Krog
Wright Co. REC

1994 kWh BILLED BY CORN BELT

Boone Valley	5,876,727
Butler Co. REC	100,531,914
Calhoun Co. ECA	30,016,353
Franklin REC	38,038,553
Glidden REC	37,571,483
Grundy Co. REC	47,742,853
Hancock Co. REC	44,544,082
Humboldt Co. REC	40,804,422
Iowa Lakes	217,171,439
Midland Power	72,996,382
Sac Co. REC	21,154,447
Wright Co. REC	87,271,769
NIMECA	79,639,160
Webster City	126,128,667



1994 LOAD SUMMARY (kWh)

DAEC (nuclear):	410,838,140
CB #3 (coal-fired):	107,771,000
Neal #4 (coal-fired):	470,371,000
Wisdom (coal-fired):	23,090,400
Webster City (oil-fired):	805,050
WAPA (hydropower):	154,644,000
NIMECA/Other:	6,465,030

Corn Belt Power Cooperative
1300 13th Street North
Humboldt, Iowa 50548
515/332-2571
