



Western Illinois Power Cooperative Inc

1983 Annual Report

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Robert E. Gant
President
Manager, Illinois Rural
Electric Co.



Wayne Harms
Vice President
Director, M.J.M.
Electric Cooperative



Stanley Otten
Secretary-Treasurer
Director, Rural Electric
Convenience Cooperative Co.



Roger C. Mohrman
Asst. Secretary-Treasurer
Manager, Adams
Electrical Co-Operative



Lester W. Aeilts
Manager, Western Illinois
Electrical Coop.



C. Lee Duncan
Director, Spoon River
Electric Co-operative, Inc.



Roy D. Goode
Manager, Rural Electric
Convenience Cooperative Co.



William H. McCamey
Manager, Spoon River
Electric Co-operative, Inc.



John E. Root
Manager, Menard
Electric Cooperative



Robert D. Smith
Director, Adams
Electrical Co-Operative



Harvey L. Vortman
Director, Illinois Rural
Electric Co.



Donald Willard
Director, Western Illinois
Electrical Coop.



Charles W. Witt
Manager, M.J.M.
Electric Cooperative

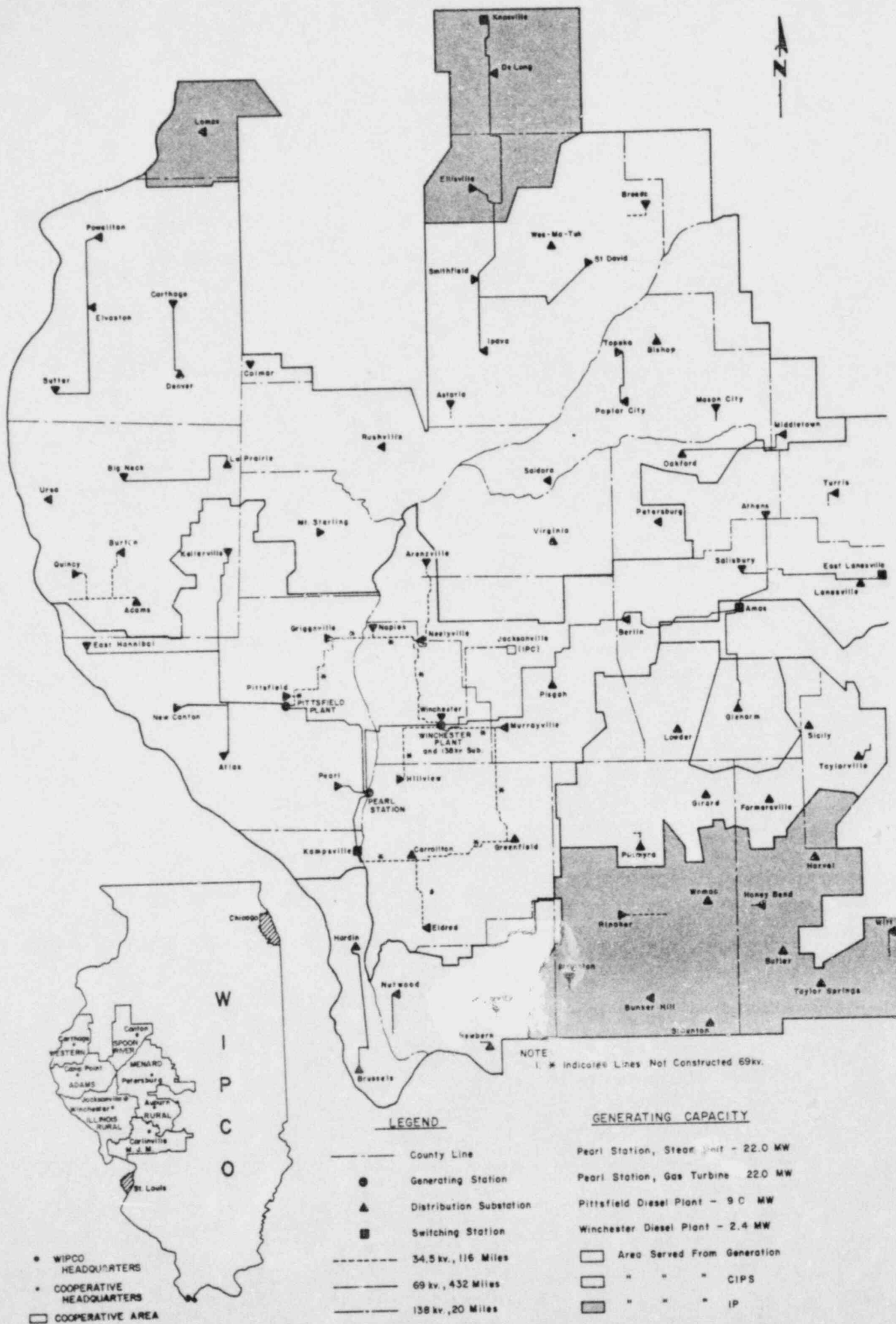


Robert F. Zook
Director, Menard
Electric Cooperative

Facts

Miles of 34.5 KV line	116
Miles of 69 KV line	431
Miles of 138 KV line	19
Distribution Substations	77

Transmission Substations	7
Full-time Employees	55
Generation, MW	57
Member Cooperatives	7



I wish to welcome you to the 24th annual meeting of Western Illinois Power Cooperative, Inc., held at the Blackhawk in Jacksonville on this March 6, 1984. Your presence at this annual meeting is very important. Annual meetings give us a chance to evaluate our present position, make projections and reflect upon the events of the past year.

Because Western Illinois Power Cooperative is a power supplier, its success or failure is often measured by how many kilowatt-hours are sold. The largest factor in these sales is the weather. Weather in the first two months of 1983 was mild, resulting in energy sales of 15 to 20 percent below that which was expected. However, the extremely hot summer created sales that were 10 percent higher than expected. Because of the hot, dry summer, crop yields were cut and the grain came from the field in a dry condition, which resulted in very little grain drying in October and November. Even with these ups and downs, energy sales were 3.5 percent above 1982. This was a bit above what was projected in our 1983 power requirements study. The sales created a small deficit margin for your cooperative, but because of the cancellation of Unit II of the Clinton Power Station, the resultant write-off gave us a loss of \$3,393,253.

This year's board of directors, as you all know, has been very busy trying to work out the financial problems associated with WIPCO's ownership of Clinton. We believe that we have come up with a package that we can all live with.

I was elected to serve as president, due to the untimely death of Kenneth Marlow. We have all missed Kenneth Marlow, who passed away suddenly in October 1983. Kenneth served on the WIPCO board of directors for over six years and was one of the most capable and influential supporters of the rural electrification program. He served Adams Electrical Co-Operative, WIPCO and

the national electric cooperative program for over 20 years.

Mr. Robert Smith was elected to serve the remainder of the term on the WIPCO board of directors representing Adams Electrical Co-Operative. Other officers elected were Wayne Harms, vice president, and Stanley Otten, secretary-treasurer.

During the year, other board personnel changes were made because of expiring terms on distribution boards of directors. Harold Massie served on the WIPCO board of directors until July, when his term expired on Western Illinois Electrical Coop.'s board. We thank Harold for his dedicated support and his contribution to the WIPCO board of directors. Don Willard of Western Illinois Electrical Coop. has replaced Harold on the WIPCO board of directors.

I want to thank the board of directors for allowing me to serve as WIPCO's president for the last four months, and for their support. Thanks to Manager Don Bringman and his staff for their faithful and dedicated service.

Cooperatively yours,

Robert E. Gant

Robert E. Gant, President





Secretary-Treasurer's Report

At the annual meeting of the cooperative, held March 8, 1983, Kenneth Marlow was elected president, Robert Gant was elected vice president, Roger Mohrman was elected assistant secretary-treasurer and I was elected secretary-treasurer. Officers and directors are shown on the first page of this report.

The board of directors held 12 regular board meetings, one special meeting, 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 the treasurer's report, financial and statistical reports, the general manager's report and reports on various operations such as production and transmission, considered many other items of business. These included capital credits, specific rules governing capital credits, budget, financial forecasts, annual audit and REA construction audit, wages and salaries, employees' pensions, renewed CFC line of credit, loan application for

the Clinton Power Station, amendment to FFB notes, employment of an engineering firm to conduct a power requirements study, approval of 24 work orders and three inventory of work orders, sale and transfer of an abandoned 34.5 Kv line between Kampsville-Hardin substation to Illinois Rural Electric Co., sale of part of Barclay substation, closing documents of Contract 34-SCADA with Harris Corporation, equipment contracts for substations, contracts for construction and right-of-way clearing for transmission lines, host agreement with EER and the federal Environmental Protection Agency, Springfield City Water, Light & Power interconnection contract, IP letter agreement extending the IPC purchase power contract, letter of agreement between CIPS and WIPCO extending the agreement for purchase of power contract, purchase power contract with IPC, substation liability agreements between WIPCO and its members, employment of special legal counsel relative to Clinton, 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 is basically the same as that prescribed by the FERC. Assets, liabilities, statement of operations, load data, statement of changes in financial position, and margins allocated to patrons of the cooperative and, in many cases, previous years are shown in the following tables.

Respectfully submitted,

Stanley Otten

Stanley Otten, Secretary-Treasurer



	1983	1982
Total Utility Plant in Service.....	\$ 34,118,139	\$ 31,876,705
Construction Work in Progress	278,959,158	226,155,238
Total Utility Plant.....	<u>\$313,077,297</u>	<u>\$258,031,943</u>
Accumulated Provision for Depreciation.....	13,118,385	12,145,131
Net Utility Plant	<u>\$299,958,912</u>	<u>\$245,886,812</u>
Investments in Associated Organizations.....	1,682,324	1,673,878
Subscriptions to CFC	172,000	332,000
Cash — General Fund	1,842	1,312
Cash — REA Loan Fund	507	1,077
Accounts Receivable — Net.....	2,798,710	1,967,482
Materials and Supplies.....	1,259,729	1,389,513
Fuel Inventory	587,551	717,486
Prepayments	56,677	78,967
Other Current and Accrued Assets	<u>13,874</u>	<u>136,989</u>
Total Assets.....	<u><u>\$306,532,126</u></u>	<u><u>\$252,185,516</u></u>

	1983	1982
Long-Term Debt — REA.....	\$ 24,590,104	\$ 24,091,959
Long-Term Debt — FFB	267,728,000	212,815,000
Long-Term Debt — CFC — CTC	172,000	332,000
Short-Term Loans	2,963,941	8,886,326
Accounts Payable	3,363,532	2,736,592
Other Current Liabilities.....	8,136,436	352,273
Memberships	175	175
Patronage Capital	2,779,263	1,557,111
Operating Margin — Current Year	(16,322)	1,222,153
Non-operating Margins	(3,376,931)	63,281
Other Margins and Equities	<u>191,928</u>	<u>128,646</u>
Total Liabilities and Credits	<u><u>\$306,532,126</u></u>	<u><u>\$252,185,516</u></u>

NOTE: Fiscal year ends December 31.



Statement of Operations

	1983	1982	1981	1980	1979
Total Electric Revenue	\$27,963,660	\$24,935,923	\$22,823,050	\$22,185,822	\$19,634,290
EXPENSES:					
Purchase Power (Wholesale)	19,001,872	15,175,535	14,629,185	14,428,143	12,538,914
Purchase Power (Interchange) . . .	2,219,052	2,378,885	2,185,804	1,949,365	1,835,374
Production Expense:					
Operations	2,808,961	2,797,803	2,283,692	2,485,944	2,456,715
Maintenance	673,134	559,222	566,004	527,707	713,886
Transmission Expense:					
Operations	421,561	334,672	390,327	339,532	310,260
Maintenance	278,465	161,557	171,771	192,073	171,696
Administration and General Expense:					
Salaries	154,958	138,268	115,930	102,478	97,748
Supplies and Expense	96,698	98,192	159,342	83,371	80,318
Insurance	259,193	215,850	204,906	188,664	120,267
Total Operating Expense	\$25,913,894	\$21,859,984	\$20,706,961	\$20,297,277	\$18,325,178
Fixed Charges:					
Depreciation	\$ 965,574	\$ 907,341	\$ 845,471	\$ 815,574	\$ 789,509
Tax Expense	275,635	254,402	236,522	216,820	211,113
Interest — Net	824,879	692,043	852,197	678,443	595,432
Total Fixed Charges	\$ 2,066,088	\$ 1,853,786	\$ 1,934,190	\$ 1,710,837	\$ 1,596,054
Total Expenses	\$27,979,982	\$23,713,770	\$22,641,151	\$22,008,114	\$19,921,232
Operating Margins	(\$ 16,322)	\$ 1,222,153	\$ 181,899	\$ 177,708	(\$ 286,942)
Non-operating Margins	54,787	63,281	43,676	52,529	43,204
Clinton #2 Write-off	(\$ 3,431,718)	0	0	0	0
Total Margins	(\$ 3,393,253)	\$ 1,285,434	\$ 225,575	\$ 230,237	(\$ 243,738)

(Indicates Deficit)

	1983	1982	1981	1980	1979
ELECTRICITY GENERATED AND PURCHASED (1,000 kwh)					
Energy Generated	133,278	117,597	92,105	125,368	120,446
Energy Purchased from CIPS (Wholesale).	317,617	312,616	304,721	321,064	328,353
Energy Purchased from IP (Wholesale).	97,488	84,680	80,411	83,154	82,036
Energy Purchased from IP (Interchange)	20,122	23,170	25,437	25,365	24,336
Energy Purchased from Springfield (Interchange)	36,207	47,813	66,066	36,525	46,126
ENERGY SALES (1,000 kwh)					
Sales to Member Cooperatives	584,644	564,944	551,505	572,796	582,449
Sales to Others	0	0	0	192	307
ELECTRIC SALES TO MEMBER COOPERATIVES (1,000 kwh)					
Adams Electrical Co-Operative	91,616	89,058	86,765	90,654	92,392
Illinois Rural Electric Co.	108,599	108,083	105,627	109,698	111,237
M.J.M. Electric Cooperative, Inc.	93,515	91,443	88,437	92,382	90,608
Menard Electric Cooperative	125,597	108,877	105,627	106,820	108,472
Rural Electric Convenience Cooperative Co.	75,880	76,965	75,447	79,661	83,145
Spoon River Electric Co-operative, Inc.	48,957	48,820	48,714	51,516	52,959
Western Illinois Electrical Coop.	40,480	41,698	40,888	42,065	43,636
TOTAL ELECTRIC SALES TO MEMBERS	584,644	564,944	551,505	572,796	582,449
PEAK DEMAND MAXIMUM MONTH, KW BY MEMBERS					
Adams Electrical Co-Operative	23,432	25,699	22,157	20,239	23,262
Illinois Rural Electric Co.	25,946	25,063	26,288	27,108	24,050
M.J.M. Electric Cooperative, Inc.	23,259	22,078	23,495	23,853	20,666
Menard Electric Cooperative	41,587	34,776	33,874	34,146	29,215
Rural Electric Convenience Cooperative Co.	18,927	21,141	17,402	18,926	20,410
Spoon River Electric Co-operative, Inc.	12,554	11,850	11,929	12,305	12,738
Western Illinois Electrical Coop	9,228	11,034	9,464	9,699	10,042
SYSTEM MAXIMUM MONTH KW DEMAND	150,485	139,726	141,172	146,125	129,685
ANNUAL LOAD FACTOR % --					
MEMBER COOPERATIVES	44.4	46.2	44.7	44.7	50.9



Statement of Changes in Financial Position

	1983	1982
SOURCE OF FUNDS		
Net Margin	(\$ 3,393,253)	\$ 1,285,434
Depreciation	1,030,529	985,386
Advances from FFB	54,913,000	53,576,000
Advances from REA	1,366,000	876,000
Loan Funds in Bank	0	(630)
	<u>\$53,916,276</u>	<u>\$56,722,190</u>
APPLICATION OF FUNDS		
Additions to Utility Plant	\$55,102,629	\$59,704,369
Increase in Investments in Associated Organizations ..	8,446	103,873
Reduction of Long-Term Debt	867,855	799,134
	<u>\$55,978,930</u>	<u>\$60,607,376</u>
WORKING CAPITAL	<u>(\$ 2,062,654)</u>	<u>(\$ 3,885,186)</u>
CHANGES IN WORKING CAPITAL		
Increase (decrease) in Current Assets:		
Cash	(\$ 40)	(\$ 5,500)
Accounts Receivable	831,228	(158,458)
Inventories	(259,719)	(85,004)
Prepaid Expenses and Other	(145,405)	(14,447)
	<u>\$ 426,064</u>	<u>(\$ 263,409)</u>
Increase (decrease) in Current Liabilities:		
Notes Payable	(\$ 5,922,385)	\$ 2,940,587
Accounts Payable	626,940	720,071
Accrued Expenses	7,784,163	(38,881)
	<u>\$ 2,488,718</u>	<u>\$ 3,621,777</u>
WORKING CAPITAL	<u>(\$ 2,062,654)</u>	<u>(\$ 3,885,186)</u>

Year ended December 31.

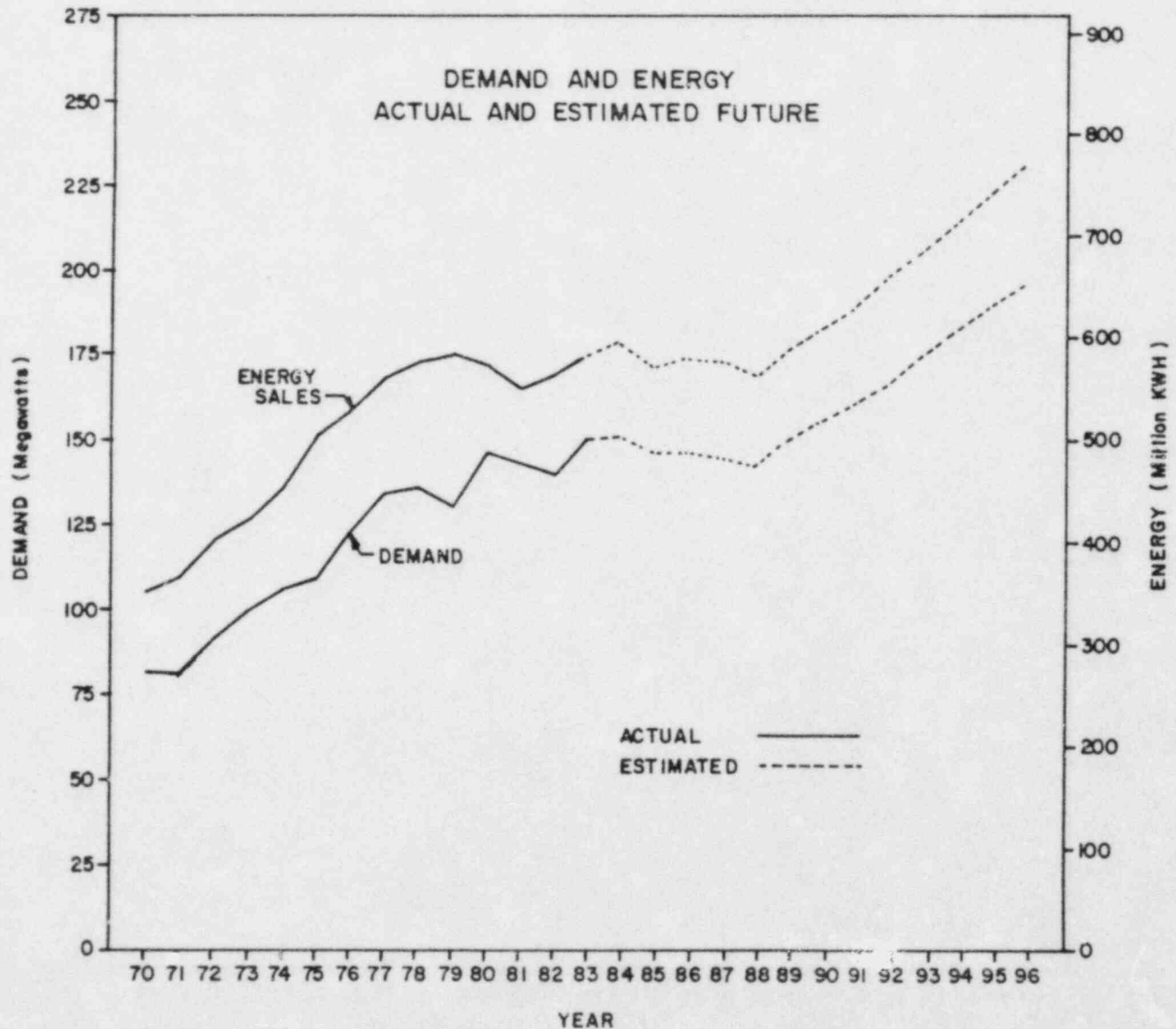
Margins Allocated to Patrons

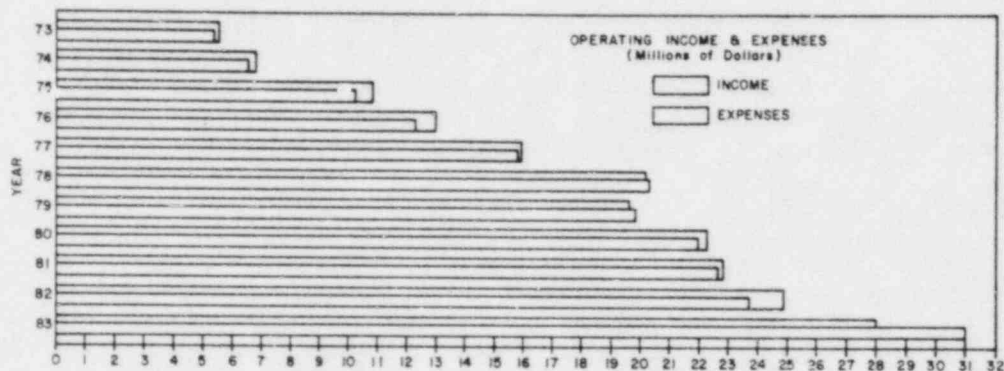
System	1963-1983
Adams Electrical	\$ 438,469.67
Illinois Rural	532,385.93
M.J.M. Electric	430,728.99
Menard Electric	519,942.09
Rural Electric	367,192.29
Spoon River	260,005.90
Western Illinois	218,623.94
City of Springfield	11,914.63
Illinois Power Company	-0-
	<u>\$2,779,263.44</u>

Loads

Energy sales in 1983 increased 3.5 percent above 1982 sales, while peak demand increased about 7.7 percent to an all-time high of 150.5 megawatts. The peak, which occurred in July, may be the result of the abnormally dry summer and resulting

need for irrigation. The graph below indicates loads through 1996 as predicted by our recent power requirements study. This econometric study uses statistical techniques to forecast future loads using anticipated population trends, employment, weather and cost of power as input variables.

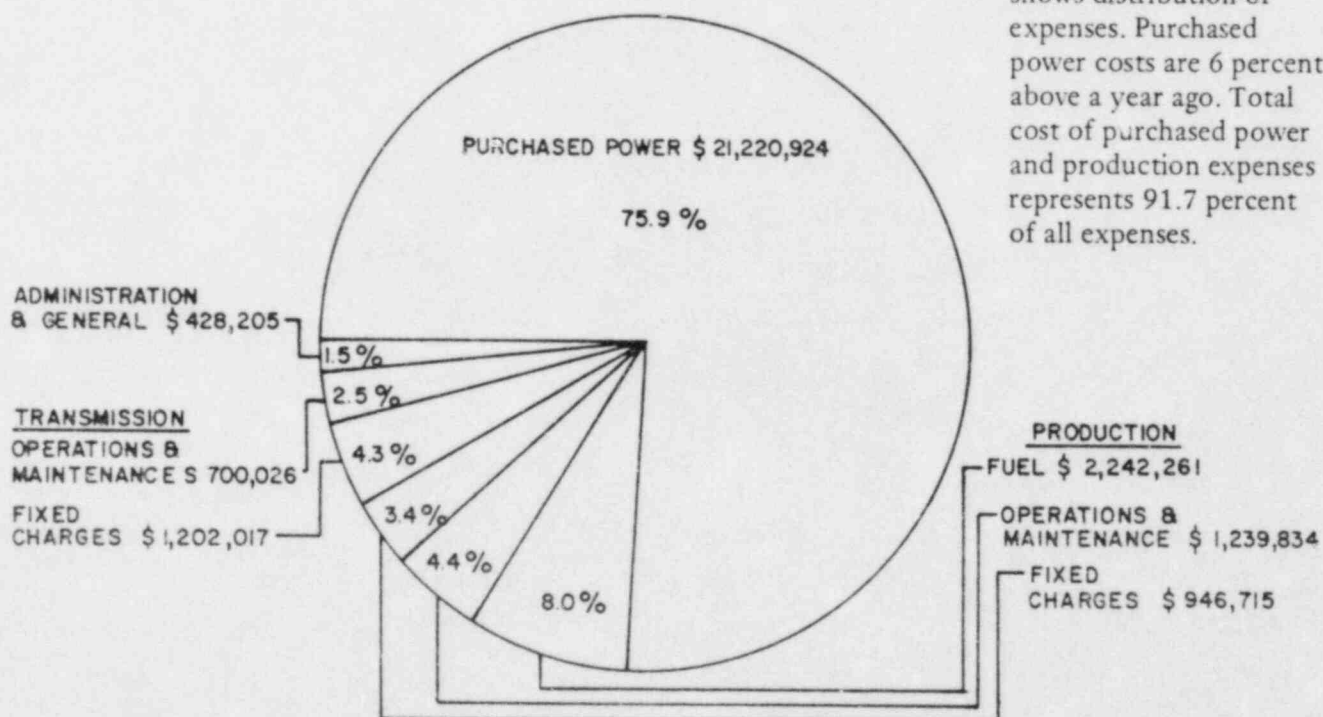




Revenues and Expenses

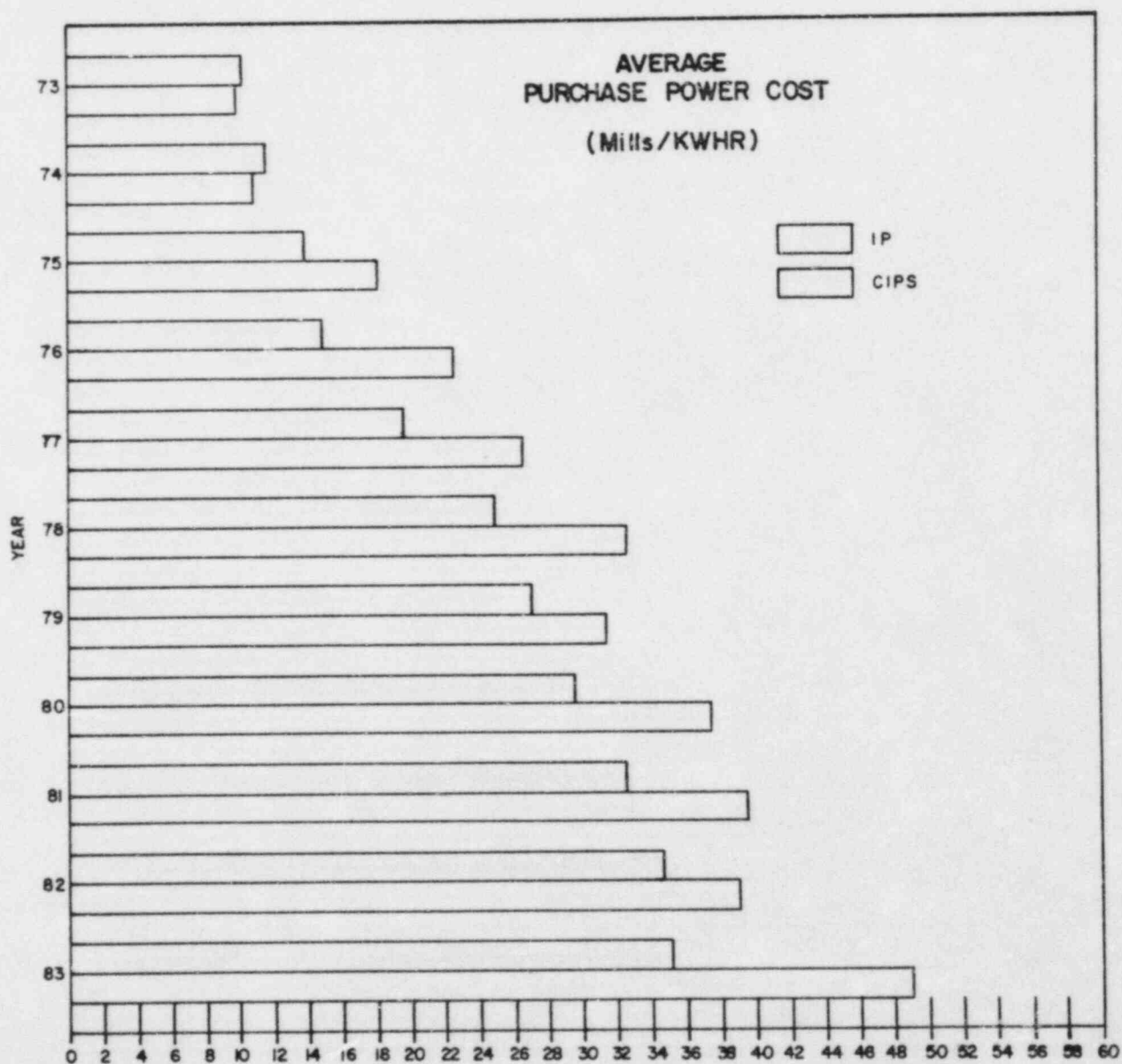
Operating expenses exceeded revenues by \$16,322; however, the deficit widened to \$3,393,253 due to the write-off of Clinton Unit II. Debt Service Coverage (DSC) and Times Interest Earned Ratio (TIER) were also down, with DSC at 0.90 and TIER at 0.89.

The pie chart below shows distribution of expenses. Purchased power costs are 6 percent above a year ago. Total cost of purchased power and production expenses represents 91.7 percent of all expenses.



Wholesale purchased power costs in 1983 from Illinois Power Company and Central Illinois Public Service Company are shown in the following bar chart. Central Illinois Public Service Company's

costs increased over 1982 because of a rate increase January 1, 1983. Average cost from Illinois Power Company increased slightly because of changing load factors.





Total utility plant is illustrated on the bar chart at right and represents actual plant in service, as well as expenditures for construction of the Clinton Power Station not as yet in service.

Production

The cost of coal delivered to the Pearl Plant in 1983 decreased about 10 percent below 1982 costs as shown on the bar chart following. Competition in the market for coal, supply and demand, and WIPCO's ability to negotiate, unhampered by long-term coal contracts, all helped in lowering costs. Most of the coal supply was delivered by barge during the year, although some was delivered by truck.

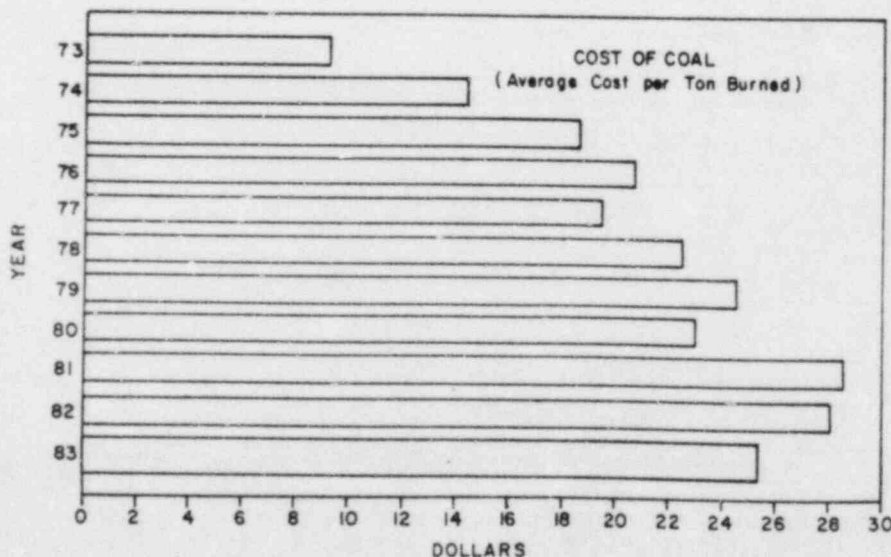
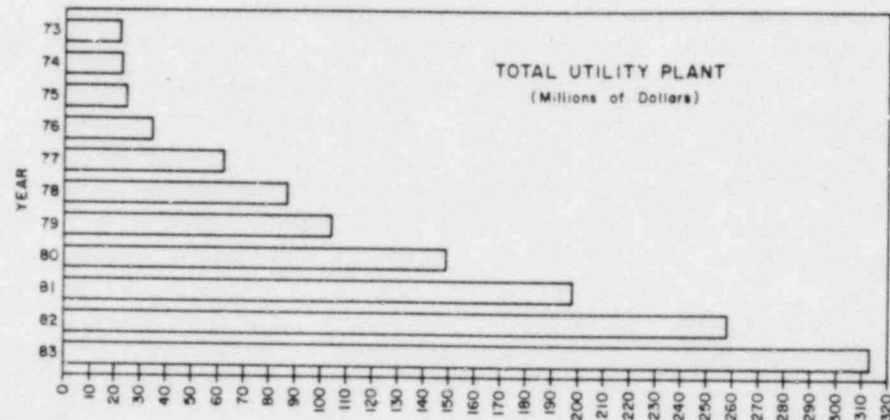
Energy generation in 1983 was up more than 13 percent from 1982, mainly due to reduced genera-

tion in 1982 because an overhaul of the steam plant and scheduled maintenance shutdowns. Generation by the gas turbine and diesel units remain below 300,000 kwh since they are primarily used for peaking and emergencies. The balance of power, about 56 million kilowatt-hours, was purchased through interconnections with Illinois Power Company and the city of Springfield.

In addition to normal maintenance at Pearl

Station, a circulating water pump, the scrubber pump and an ash water pump were removed and rebuilt. Superheater steam tubes cracked on two occasions, each resulting in two-day forced outages. Clogged air heaters caused a three-day forced outage. Notwithstanding the forced outages, Pearl Steam Plant had its highest availability factor (87.8 percent) since 1977.

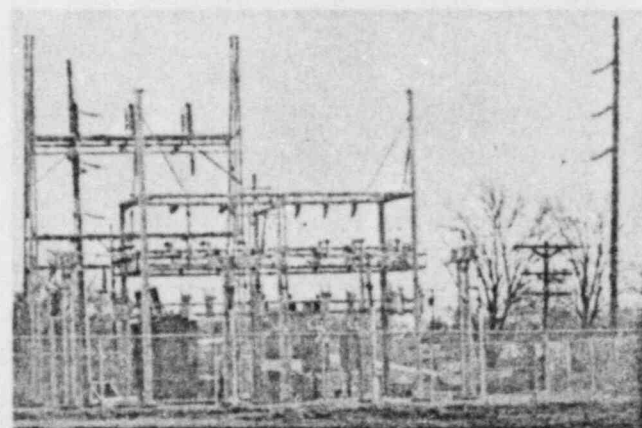
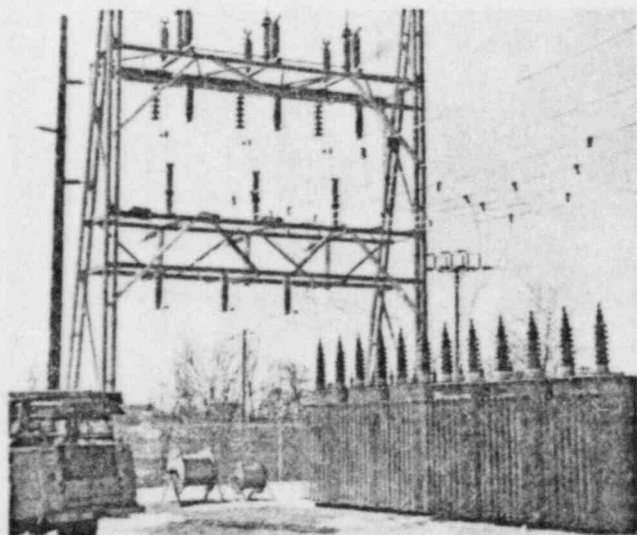
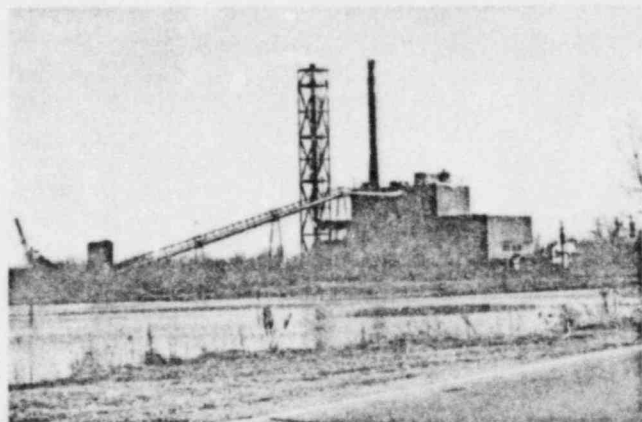
Considerable mainten-





ance was performed on the 22 Mw gas turbine; the steel roof was replaced, the exhaust plenum was rebuilt and the electronic control system was tested and calibrated. The gas turbine also received a new paint job.

Illinois Power Company issued a revised cost estimate and schedule for Clinton Unit I in May 1983. Fuel loading is now scheduled to begin in January 1986, with commercial operation to follow in November 1986. The new schedule appears to be "ambitious but achievable," according to the Nuclear Regulatory Commission. Clinton Power Station was about 82 percent complete at the end of 1983. The completion percentage has decreased from 85 percent reported at the end of last year due to the delay and increase in scope of work. The revised cost estimate has increased the cooperative's investment in Clinton to about \$455 million upon completion. Illinois Power Company officially cancelled Clinton Unit II in late 1983. WIPCO's investment in Clinton Unit II is contractually limited to \$2,375,000 plus its cost of financing; those costs are reflected in the project cost shown above.



At left — The Barclay Substation. Top — The Pearl Station. Middle — The Clinton Power Station. Bottom — The Sugar Grove Substation.



Transmission

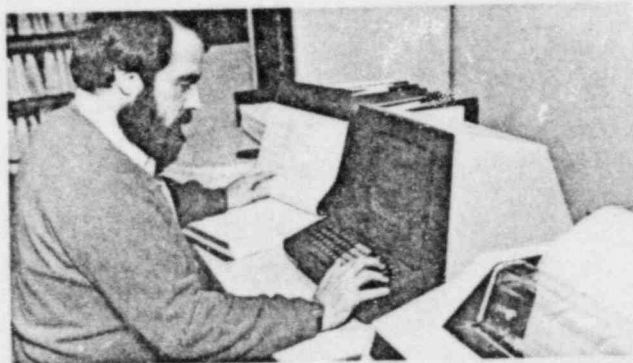
System reliability projects started in 1982 and energized in 1983 include: a second interconnection with Illinois Power Company via the East Lanesville 138/69 Kv East Lanesville transmission station, the Knoxville switching station and associated transmission line to the DeLong substation, conversion of the Hardin and Brussels substations to 69 Kv operation, Denver distribution substation and transmission line, and the Winchester distribution substation. Distribution substations under construction include Barclay, Sugar Grove and Nortonville. Barclay and Sugar Grove will be completed during the first quarter of 1984. Completion of Nortonville substation and its associated 7½ miles of transmission line is scheduled during the second quarter of 1984.

About 63 percent of the substation and line crews' time was used for operation and maintenance activities.



Console of the Supervisory Control and Data Acquisition system (SCADA).

Our Supervisory Control and Data Acquisition System (SCADA) is complete and has been operating with most functional capabilities in place for the past year. It is being used for interchange of



SCADA console and chart recorders.

power from other electric utilities, voltage drop studies, transformer loading, and power circuit breaker control, as well as outage reporting. Its primary use will be for proper dispatching of power from the Clinton Power Station.

Planning

Power supply studies have been a major task. Several studies were made to plan a course of action to hold down the rapid increase in costs anticipated with Clinton. The studies have been numerous, detailed and time consuming.

We have recently put together a joint power supply study with Soyland Power Cooperative which shows promise in limiting future power supply costs to reasonable levels.

Other studies were made relative to requests for new delivery points and transmission system reliability.

Respectfully submitted,

D. B. Bringman

D. B. Bringman, General Manager

