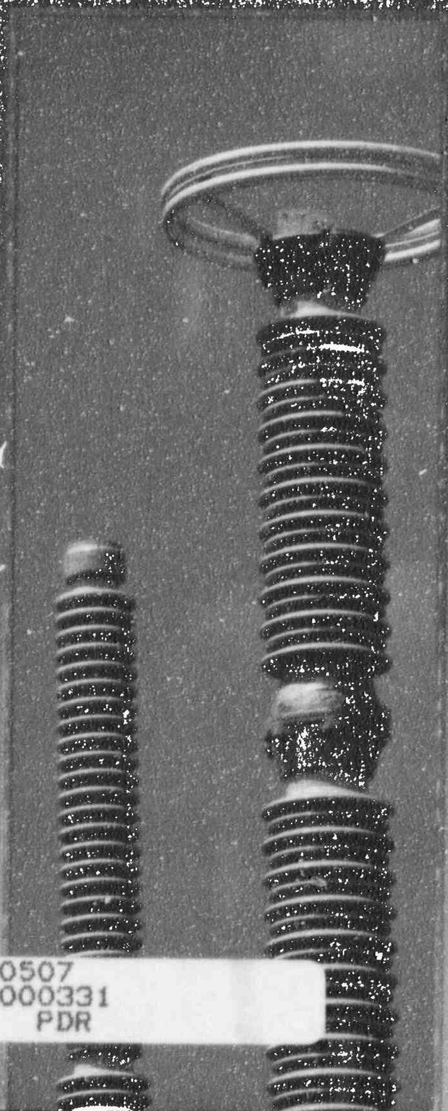
Central Iowa Power Cooperative

1995 Annual Report

CIPCO



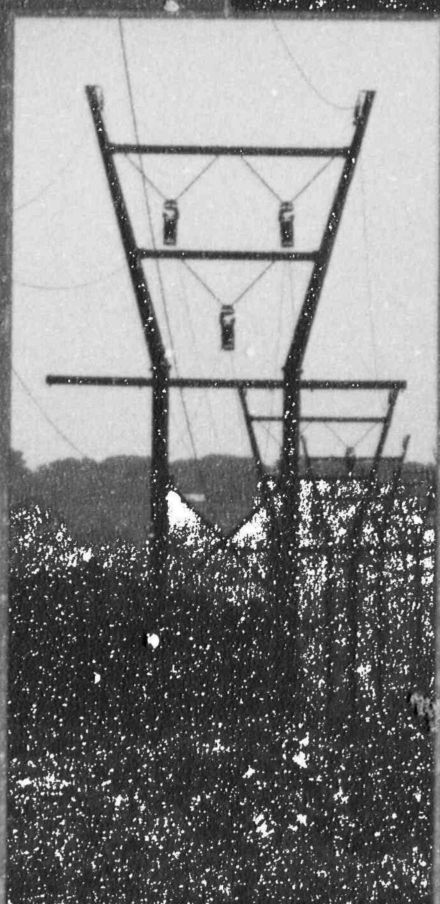
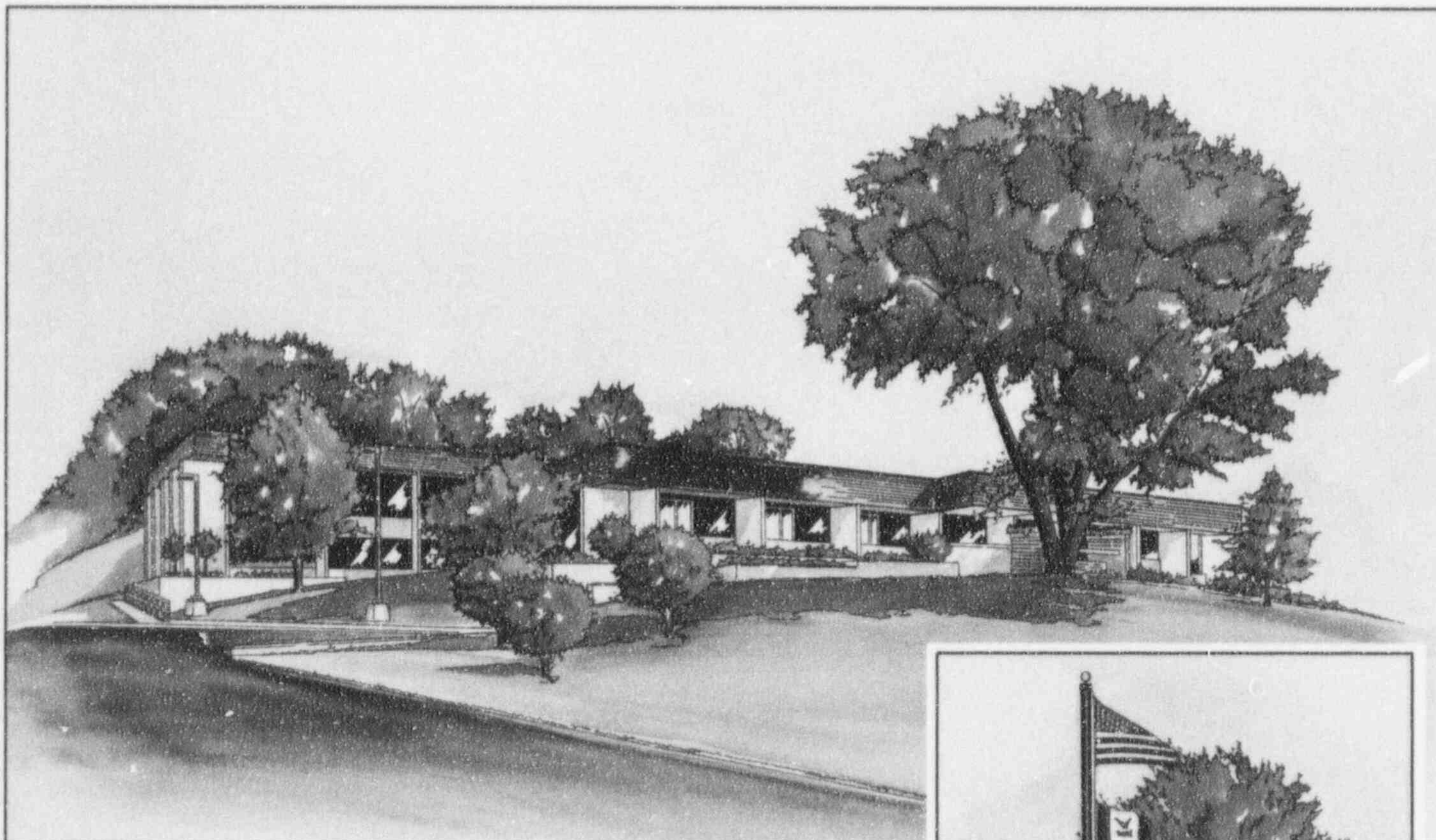
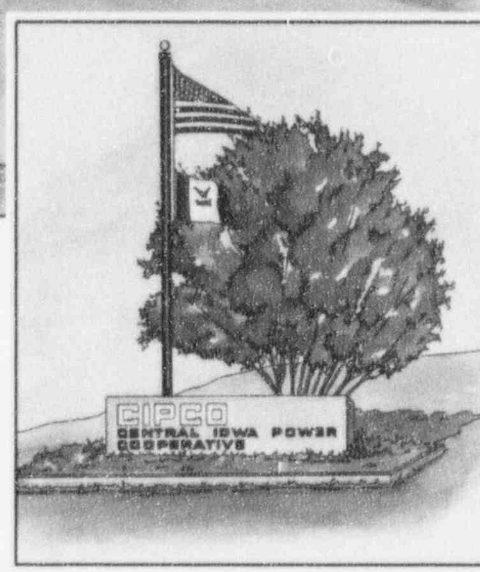


Table of Contents





The CIPCO Systems, through unity of purpose and progressive leadership, will exceed the competition in service excellence, product value and resource development.

Introduction

CIPCO dedicates this annual report to Dwayne Augspurger, who retired from the cooperative December 31, 1995, after 33 years of loyalty and commitment.
Mr. Augspurger joined the Cooperative in 1962. Serving as the chief financial officer, he has helped guide CIPCO's progress and support its growth into a corporation with assets exceeding $317 million, 15 member systems and over 100 employees.
Thank you, Dwayne, for your contributions which have helped maintain the integrity and financial stability of the Cooperative through years of change and growth.

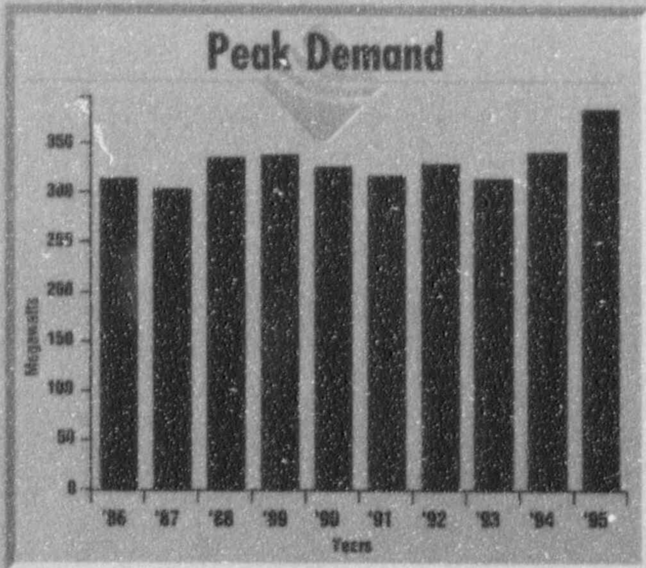
The electric utility industry is entering a new era. To prepare for the advent of a more competitive environment in the business of providing electric service, utilities across the country are consolidating, merging, examining non-electric revenue sources, investigating expanded services for their customers, and offering innovative rates to attract new loads. Central Iowa Power Cooperative (CIPCO), as a consumer-owned, nonprofit cooperative, has always embraced the philosophy of providing the most reliable, economical service to its members. The Vision Statement promises a common purpose and progressive leadership to meet the competition head-on. CIPCO's goal is to remain strong and viable in a changing business environment.

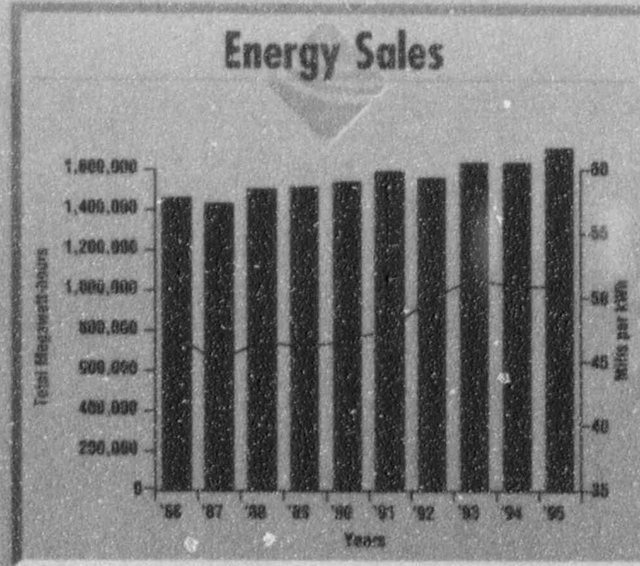
CIPCO's 15 member utilities serve residences, farms, municipalities, businesses and industries across the state of Iowa. Each of the 250,000 ultimate consumers of these systems expects their electric supplier to give them the most dependable, competitively priced service possible. CIPCO is committed to creating opportunities that will ensure the growth and success of the CIPCO Systems. This report shares the highlights of how a dedicated team of directors, management and staff cooperate on a day-to day basis to improve the quality of life and economic well-being of the CIPCO Systems, their consumers and their communities.

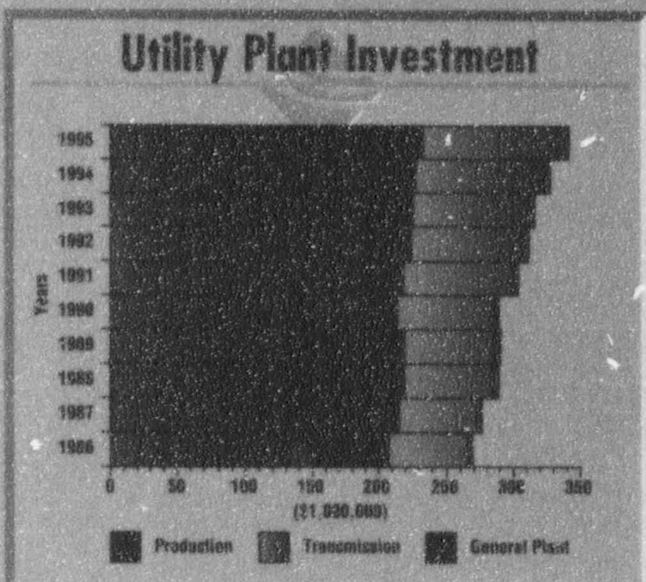
CIPCO at a Glance

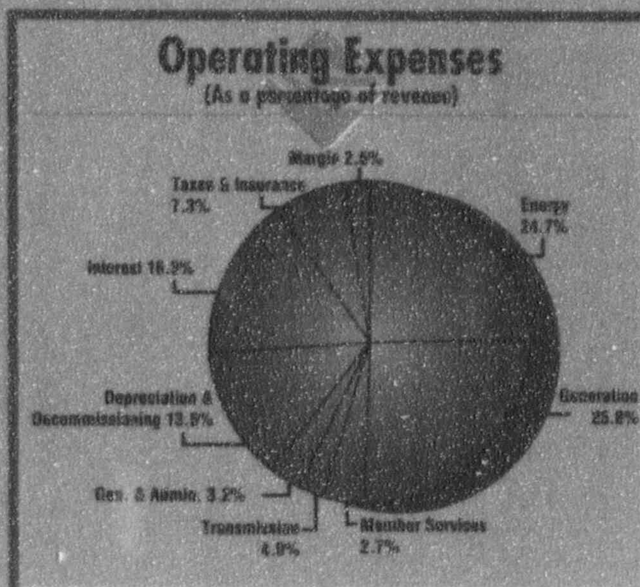
(1995 Statistics)

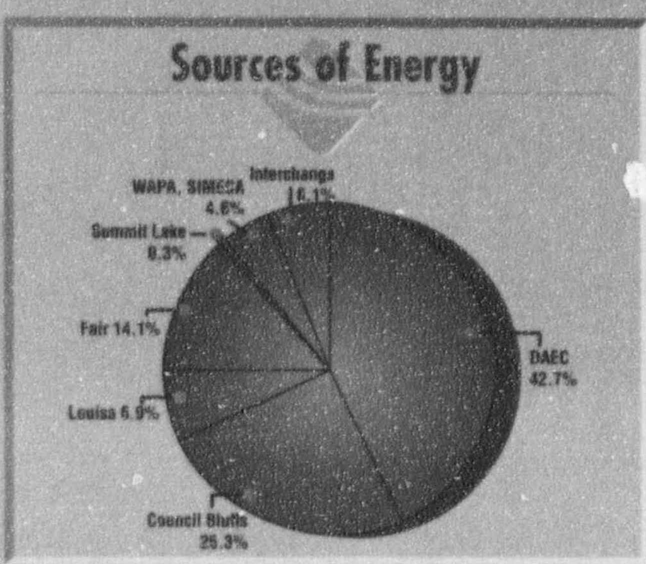
Energy Sales	1,700,792 MWh
Total Operating Revenue	$90,023,805
Net Margin	$2,309,453
Total Assets	$317,260,443
Average Wholesale Rate to Members	51.45 Mills/kWh
Member Systems	15
Total Retail Consumers (approximate number of meters)	100,000
Approximate Population Served	250,000
1995 Peak Demand	385,411 kW
Owned/Co-owned/Purchased Capacity	451.3 MW
Miles of Transmission Line	2,000
Employees (including affiliated and subsidiary companies)	123











The system recorded a historical peak demand in July 1995 of 385 MW. Kilowatt-hour sales of 1,700,791,657 in 1995 were the highest in CIPCO's history. Cost of energy to the CIPCO Systems was 51.45 mills per kilowatt-hour.

A Report from the President

DALE NEWMAN was elected president of the CIPCO board of directors in September to complete an unexpired term. Mr. Newman has served on the CIPCO board of directors since 1986. During his tenure he has been Assistant Secretary-Treasurer, Secretary-Treasurer and Vice President. As a long-time member of his community, he has served as president of Maquoketa Valley Rural Electric Cooperative, Anamosa, and on numerous other boards and commissions. Dale and his wife, Doris, live on a farm near Martelle. They have two children and three grandchildren.

The electric utility industry is resounding with new "buzz" words, such as retail wheeling, open access, deregulation, stranded costs, and more. Utilities are merging and consolidating to form very large entities. Some say it is necessary as the industry prepares for the new competitive environment that will emerge.

There is speculation that Congress will introduce an electric utility restructuring bill in 1996, and power pools are reorganizing into regional transmission groups.

CIPCO is aware of these activities and the opportunities and threats they present. Keeping abreast of these day-to-day headlines is part of running a successful business. A competent staff and an informed, pro-active board will ensure our success in the new environment.

While many utilities are downsizing and re-trenching, we continue to control our costs and improve service excellence to the CIPCO Systems, serving over 250,000 Iowans. We are conducting business with the latest technology and expertise, preparing ourselves for the future.

We know we can be successful in a new era of utility operations. To do so, we will need to change the way we do business and experiment with new ideas.

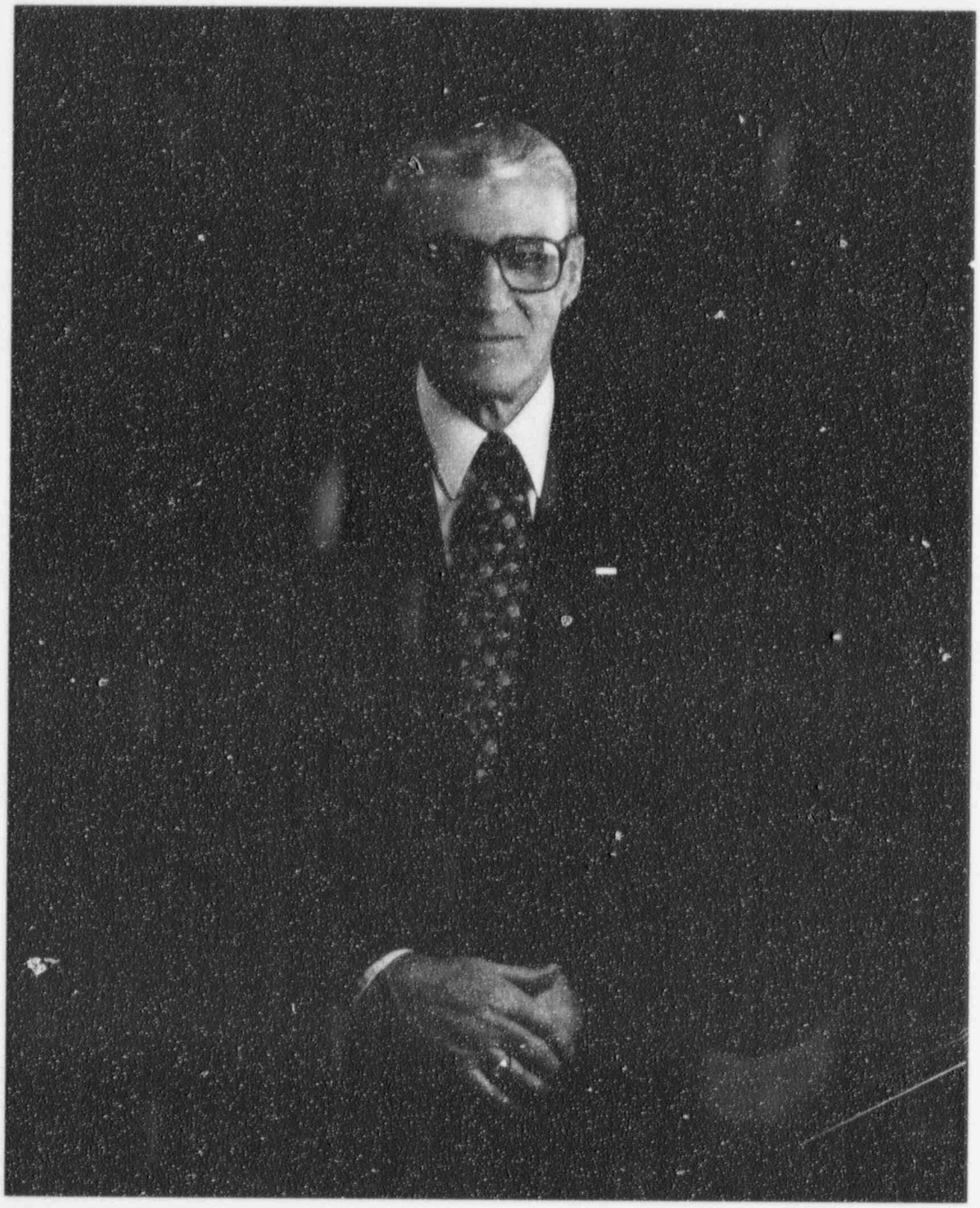
Another key to our continued success was recognized by our Issue Assessment and Advisory Group (IAAG) when they developed the CIPCO Systems' Vision Statement. Part of that statement calls for the CIPCO Systems to have a common purpose. In doing so, we will be a viable player in the new competitive industry.

We will need to change the way we do business and experiment with new ideas.

Our goal of a common purpose will require that we work as one as we evaluate the opportunities and challenges that will make the CIPCO Systems the best it can be. Everyone must work toward a common goal and solutions that keep the G&T, as well as the member distribution systems, strong as utilities and financially sound as businesses. In an industry in which there are new surprises almost daily, a united front is our strongest ally.

In the coming months there will be many important issues debated. Our future as a cooperative demands that we take the knowledge that we have accumulated and seize opportunities as they present themselves. The old saying, "united we stand, divided we fall" could not have more meaning in our industry than it does now.

I am confident the CIPCO board of directors will remain unified and dedicated to maintaining our position of leadership in the industry. This will allow the member systems to continue to grow and prosper, and collectively, we will remain a viable component of utility competition. During this time of change,



I will make every effort to be the leader who keeps the cooperative spirit alive among the CIPCO Systems.

President Dale R. Newman

Dale R. Newman

A Word from the CEO

1995 was a good year for CIPCO. Our solid financial performance did not happen by accident but was the result of careful planning, aggressive cost containment initiatives in our core business, and the dedication and hard work of our employees, officers and directors.

Financially, our objectives for the coming years are even more ambitious. To be competitive, we are convinced we must ask more of ourselves and our resources than ever before as the traditional benchmarks won't be good enough.

A great deal of what we accomplished is credited to initiatives formulated and endorsed by the IAAG Task Force. This group was formed in 1993 to guide the strategic planning process of CIPCO. The officers and directors comprising the IAAG Task Force have given generously of their time, their courage, and their leadership. This leadership has encouraged us to view the deregulation of our industry, not as a threat, but as a welcome opportunity which we are determined to develop to our advantage.

We've accomplished a great deal to contain costs and expect to do more, but we won't be able to save ourselves into prosperity and competitiveness. From this point forward, most of our future financial progress will be growth driven.

This growth will result from the continued economic development of our present service territories, as well as from success generated beyond our existing borders. When permitted by law and regulation, we fully expect to compete for selected target markets currently served by others.

We are continually considering business alliances and other opportunities to reduce costs, improve margins, increase revenues, and provide additional products and services to our members and their customers.

1995 - A Year of Passage

In addition to 1995 being a year of financial accomplishment, it was also a year when external events confirmed the appropriateness of our key assumptions identified in prior years. Progress toward a deregulated environment proceeded more quickly than expected by many.

...we fully intend to step into the fray — to compete and win.

Industry consolidation has altered the competitive scheme for all electric utilities which will force us all to continually appraise how we approach our business and construct the services required by our customers.

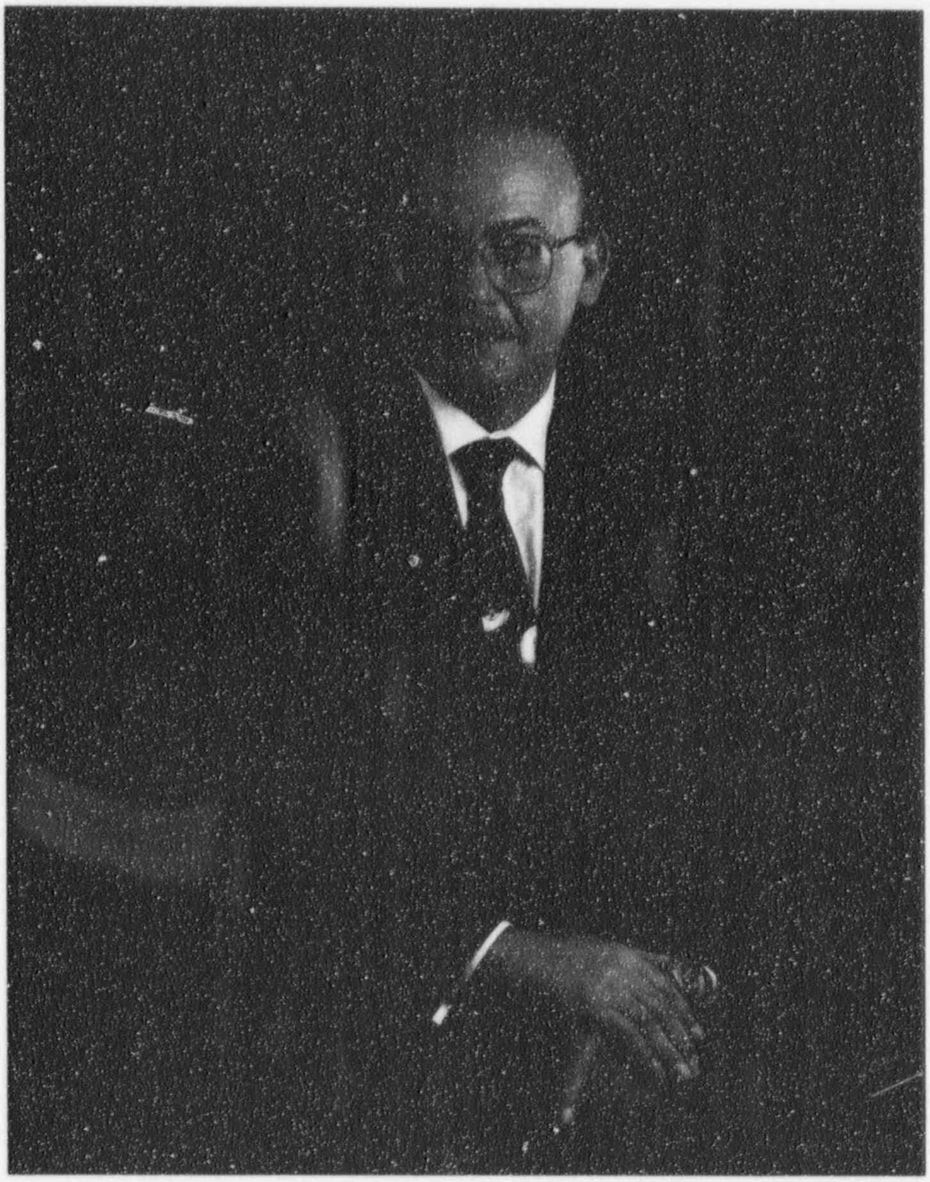
Deregulation is inevitable and will break apart the traditional territorial monopolies enjoyed by electric utilities. All electric utility customers will be able to choose their power provider.

Electric cooperatives were formed to do a task no one else really wanted to perform . . . bring power to rural areas. Members who remember life before electricity were grateful and their loyalty is still a valued part of the cooperative ethic today.

Younger and increasingly more urban members can take their access to electricity for granted. The new competitive environment will especially speak to their tendency to function less like a traditional member and more like a discerning consumer. This change in perspective will profoundly impact the relationship with cooperatives and their members.

Other changes are going on with equally strong impacts upon the economy of Iowa and the rural areas we serve. One only needs to look at the flurry of recent mergers among Iowa's investor owned electric utilities to understand how profound these changes will be.

A little over three years ago, Iowa was served by six investor owned electric utilities whose corporate headquarters were in Iowa. Soon, the number of major Iowa domiciled electric utilities will be reduced to just one.



Executive Vice President and CEO Dennis L. Murdock

New Attitude Taking Hold

Last year's annual report spoke to a new attitude at CIPCO. We are pleased to report that attitude is alive and well. More than ever, we are convinced of our ability to react to change and prosper in a competitive market.

Accordingly, we see change as a positive event. Change does not require us to throw out the old to embrace the new. Fortunately, we serve in an environment where our cooperative tradition of service to customers, who are owners, *uniquely* prepares us to understand what it is to be customer driven.

We don't have time to ponder the complex fringes of deregulation and competition. Whatever their final form, we accept these changes as an imminent reality, and we fully intend to step into the fray — to compete and win.

We see no other course as viable. To do anything else would constitute surrender to our competitors without a fight and would be an abdication of our responsibility to our rural and small community constituents.

Dennis L Murdock

CIPCO BEGAN to prepare for the new competitive industry that is emerging for electric utilities many years ago. The cooperative has never been one to wait for change. In fact, CIPCO has always aggressively approached its way of doing business with vision and a sense of adventure, unafraid of risk. Meeting future challenges may include new risks, innovative strategies, and imaginative thinking, but CIPCO will never lose sight of its mission to provide reliable, economical, environmentally responsible power for the CIPCO Systems.

Administration and Management

While keeping an eye on the changing industry, CIPCO has moved ahead during 1995 with an enduring commitment to member service. Reporting a successful year comes as a result of hard work and dedication on the part of the board of directors, management and staff. And 1995 was a successful year, both financially and operationally. CIPCO's planning efforts continue through the IAAG, as staff directs studies and implements programs that will take the cooperative into the new competitive world.

The Executive Committee includes from the left: Vice President Keith Wirt, President Dale Newman, CEO Dennis L. Murdock, Secretary-Treasurer Eldo Meyer, and Assistant Secretary-Treasurer Norman Van Zante.

Planning

One such effort that is a direct result of the IAAG initiative is the load research program. Recognizing the value of carefully considered data and analytical strategies, CIPCO began a comprehensive load research effort. Specific concrete data would be applicable to a variety of areas including: rates, marketing, resource planning, distribution planning, customer acquisition and customer retention. This customer research will tell CIPCO who the customer is, what the customer wants, and how CIPCO can best use this knowledge to capitalize on its strengths and minimize its weaknesses in the competitive customer service arena.

Phase I of the load research program was the development of a draft project plan. Phase II was an implementation plan to determine how the program would be accomplished; and Phase III was the implementation process itself. CIPCO is currently in Phase III of the program.

New SIMECA Pact

A long-term accomplishment implemented in 1995 was the renegotiation of the contract with South Iowa Municipal Electric Cooperative Association (SIMECA), one of the CIPCO Systems comprised of municipal utilities. As part of this agreement, SIMECA members dedicate their 39.9 megawatts of locally-owned and operated diesel capacity as peaking reserve for the CIPCO Systems.

Through this contract SIMECA has the privileges and responsibilities of membership as one of the CIPCO Systems, including marketing, communications, economic development, engineering assistance, and training programs. SIMECA also participates in the Iowa Area Development Group on behalf of its members and has felt the positive effects of economic growth in their service areas through this association.

Member Consolidation

Another significant change in the CIPCO Systems during 1995 was the consolidation of Benton County Electric Cooperative Association, Vinton, and Buchanan County Rural Electric Cooperative, Independence. Martin Gardner, general manager, worked with the

two boards of directors over a period of five years. Neither of the organizations imagined the journey they were beginning, but at the end of the road was an informed board of directors and membership that overwhelmingly approved the consolidation. Effective October 1, 1995, these two CIPCO Systems became East-Central Iowa Rural Electric Cooperative with the headquarters office at Vinton.

Technology

CIPCO's employees continue to meet the challenge of today's changing industry by utilizing the latest advancements in the management of data and electric utility information. During 1995 CIPCO continued to upgrade the computer technology in its offices. Nearly all of the systems are now operating in a Windows® environment with Lotus SmartSuite software. Many additional software applications are provided for those with special project needs. CIPCO remains a leader in efficient and productive utilities operation.

Once a line is de-energized, the voltage sensor is used to determine if it is safe to proceed with grounding.

Marketing and Communications

Incentive dollars in the form of power bill credits and rebates for the CIPCO Systems were nearly $2,500,000 in 1995. Marketing and economic development programs generated sales of 140,000,000 kilowatt-hours and over $2,225,000 toward CIPCO's fixed costs. The Model Housing program added twelve all-electric homes to the CIPCO Systems. These member incentive programs contribute to stabilized rates, increased load factors, and improved member satisfaction in CIPCO's goal of service excellence and product value.

Surveys and Studies

During 1995 a direct load control and distribution automation study was completed. The study was intended to provide a basis for continued dialog among the CIPCO Systems, and to generate program commitment and informed decision-making concerning final program design and implementation issues.

A survey to determine the satisfaction level of commercial and industrial customers revealed significant information for the CIPCO Systems. On behalf of its members, CIPCO conducted studies of commercial and industrial customers throughout the CIPCO Systems. These surveys addressed customer satisfaction levels while focusing on the value of customer relationships in a competitive environment.

The information was then presented in a workshop for system managers and account representatives to help them understand the customer's perspective in a period of increased competition and anticipated deregulation. Supported with additional information and training, member representatives can now improve and implement customer development programs.

The Iowa Marketing Group commissioned a study of non-electric heat purchase decisions. This research studied the decision-making process of rural electric cooperative members who had recently purchased a non-electric heating system. CIPCO further

The consolidation of Benton County Electric Cooperative Association and Buchanan County Rural Electric Cooperative reduced their representation on the CIPCO board of directors. Melvin Neil, who has served on the CIPCO board since 1986, resigned October 1, 1995, to allow for a smooth transition for the new cooperative, East-Central Iowa Rural Electric Cooperative.

requested an analysis of various behavior, opinion and demographic differences between REC members who chose electric heating systems and those who chose gas heating systems.

Training and Technical Support

In addition to the annual marketing communications workshop sponsored for the CIPCO Systems, the members attended a workshop aimed specifically at publication production. Included were newsletter critiquing, personal consultation about publications, basic skills for producing printed materials, and specific assistance on better member handbooks, newsletters, marketing packets, and economic development promotionals. CIPCO also provided certified instructors to support

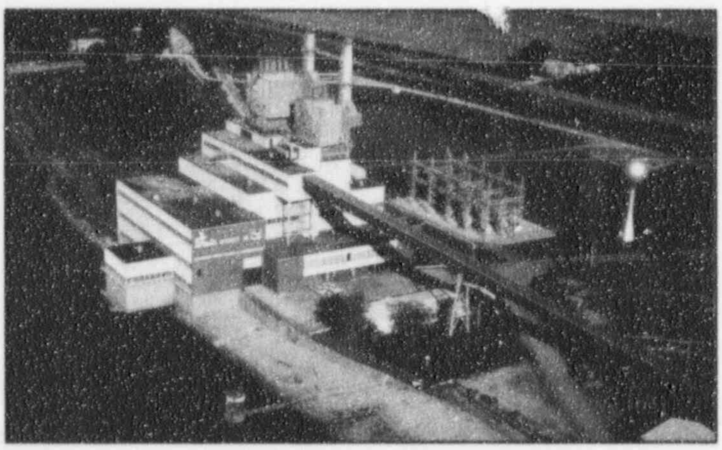
CIPCO's Board of Directors front row from the left: Richard Mickelson, Wayne Wilcox, and Kenneth Hastings. Back row from the left: Lawrence Quinn, James Wenstrand, Donald Mayes, Phyllis Hoge, Duane Armstead, Franklin Walter, Wayne Hornocker, and James Paper.

CIPCO Executive Staff from the left: James Fogt, Assistant Vice President of Corporate Operations; Richard Anderson, Vice President of Utility Operations; Patrick Murphy, Assistant Vice President of Corporate Planning and Business Development; Dwayne Augspurger, Vice President of Corporate Operations; and Craig Fricke, Vice President of Corporate Planning and Business Development.

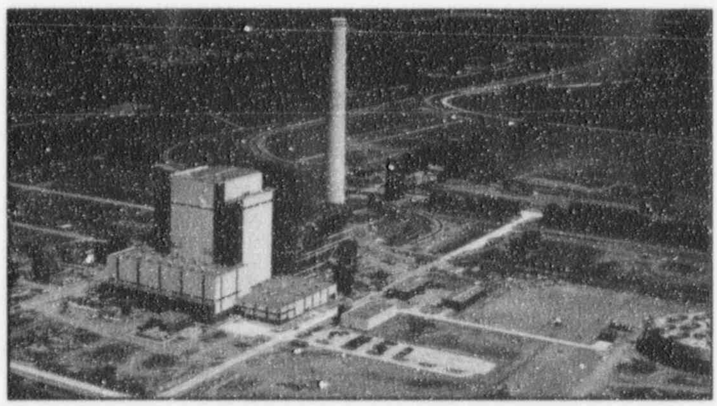
CIPCO Generating Facilities

CIPCO's GENERATING facilities include base load, intermediate and peaking units. These units are wholly-owned and co-owned plants and are part of a joint dispatch arrangement. The transmission system over which this electrical energy is transported is integrated with other Iowa utilities. These contractual arrangements with other utilities have allowed CIPCO to provide reliable electrical service to the CIPCO Systems at the most economical cost.

The Duane Arnold Energy Center located near Palo is a 535 MW nuclear generating station. CIPCO owns 107 MW of the station which is operated and maintained by IES Industries. In 1995 DAEC produced 42.7% of the kilowatt-hours required by the CIPCO Systems.



Fair Station at Montpelier is a coal-fired 66 MW unit owned and operated by CIPCO. The coal supply at Fair Station is from the Illinois Basin in Illinois, Indiana and Kentucky.



The Louisa Generating Station located near Muscatine is a 700 MW coal-fired unit using low-sulphur Western coal. CIPCO owns 32 MW of this unit which is operated and maintained by MidAmerican Energy.

CIPCO owns 78 MW of the Council Bluffs Unit #3 which is a coal-fired unit near Council Bluffs. This unit is fueled with low sulphur Western coal. The unit is operated by MidAmerican Energy.

Summit Lake Station at Creston is a 101 MW plant and includes combustion and steam turbines and diesels. This station is owned and operated by CIPCO and is used primarily during peak periods or in case of emergency.

Myriad Technology Plaza is a professional business complex located in the University of Iowa Oakdale Research Park in Coralville. The first phase of the project is complete. This is a joint project of **Myriad Developers** and Corridor Development.

the educational efforts of both the member service personnel and area contractors.

Technical support is provided monthly for the CIPCO Systems through in-house publications from the Marketing, Engineering, and Communications departments of CIPCO. Each offers industry and personal skill information for engineering, member service and communication professionals of the CIPCO Systems. Publications, manuals, brochures, displays, specific task assistance, and updates for mandated reports are only a few of the services provided to keep the member systems on track in today's changing industry.

Business Development

CIPCO's business development efforts were stepped up in 1995. A review of competitive issues indicated a need for new commercial and interruptible rate schedules. These schedules allow the CIPCO Systems to offer competitive rate structures to prospective business and industry in their service areas.

CIECO

Central Iowa Energy Cooperative (CIECO) and its subsidiary businesses, **Capital Management Associates (CMA), Lake Panorama National, Inc.,** and **Myriad Developers,** offer diversification opportunities to the core utility business of CIPCO. CIECO finalized a new contract with the homeowner's association that will extend their working relationship at Lake Panorama. CIECO has also been working with the Greene and Guthrie County Conservation Boards in the Rails to Trails project that will extend the existing trail from Yale to Jefferson.

The first phase of Myriad Technology Plaza at the University of Iowa Oakdale Research Park in Coralville is complete. The four-building complex is a joint project of Myriad Developers and Corridor Development, a subsidiary of Linn County Rural Electric Cooperative,

The management team of **Capital Management Associates, Inc.,** is James Fogt, left, and Jude Conway. CMA is the investment advisor to the Iowa Capital Corporation and provides financial and general consulting to businesses and institutional clients.

Marion, one of the CIPCO Systems.

Linn County REC was honored by the Iowa City Chamber of Commerce for its participation in the Myriad project. This award is presented to entities making major contributions to the growth of the county's economic base. Currently the two buildings that are completed are partially leased.

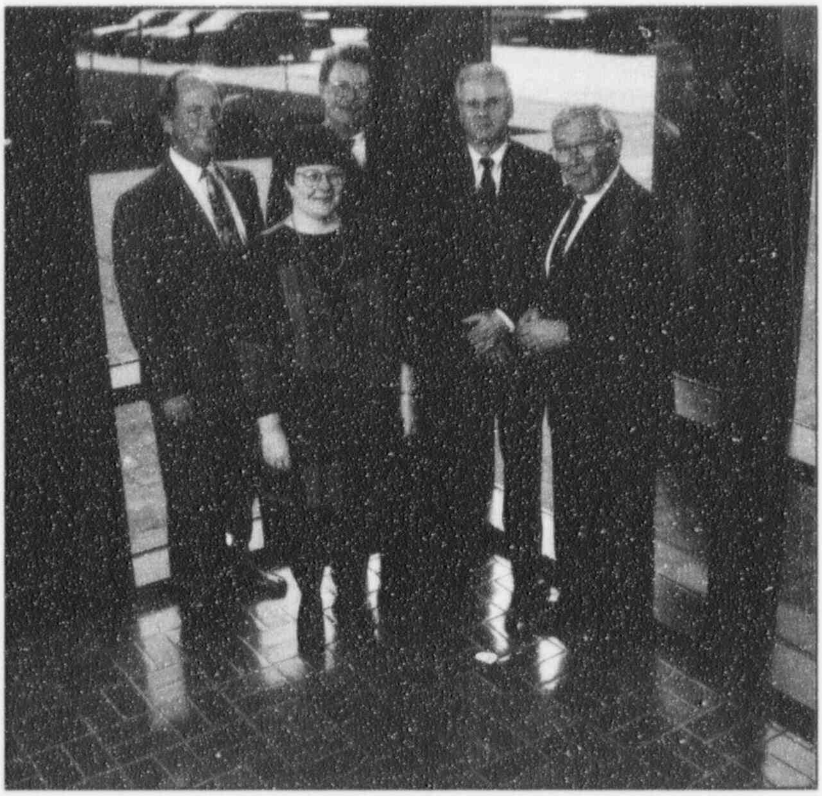
CMA is the investment advisor to the Iowa Capital Corporation in which CIPCO is a major investor. CMA continues to work with portfolio companies and to provide financial and general consulting services to business and institutional clients.

The **Iowa Area Development Group, L.C. (IADG)**, now a limited liability company, celebrated its tenth birthday in 1995. Over the ten year period more than 500 new or expanded commercial and industrial loads were added in rural Iowa. There were 15 significant developments announced in the service territory of the CIPCO Systems in 1995. The North Liberty Plastics facility served by Linn County Rural Electric Cooperative was recognized by IADG as the Outstanding Business of the Year.

IADG keeps abreast of new technologies in economic development that will allow them to better serve Iowa's rural electric cooperatives. During 1995 they unveiled the Iowa Multimedia Economic Development Information Access (I-MEDIA) system. This was developed in cooperation with the Iowa Department of Economic Development and is used during trade shows to provide prospects with instant interactive data about Iowa communities and their available sites and buildings. IADG also developed a home page on the Internet, so that clients can access information via the World-Wide Web.

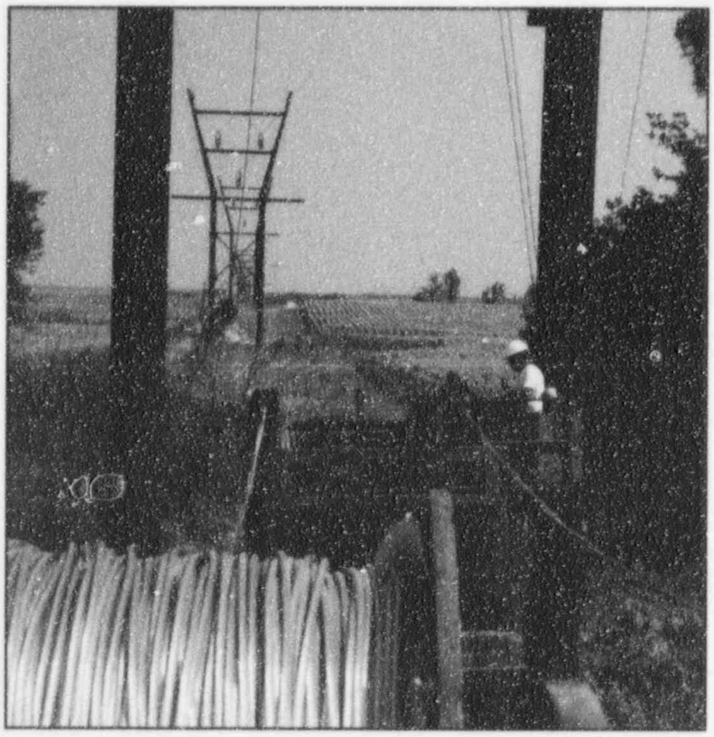
Major Growth

An international steel manufacturing company, IPSCO, announced in January 1994 that they intended to construct and operate a mini-steel mill near Montpelier. This announcement set CIPCO



The **Iowa Area Development Group, L.C.**, solicits new business and assists expanding business in Iowa. The total IADG-assisted investment in Iowa surpassed the $1 billion mark and has created over 18,000 jobs. The IADG staff includes from the left: Craig Hamilton, Manager; Carol Ramsey, Administrative Assistant; Dan Anderson, Manager of Community Marketing; Bob McLaury, Manager of Business Development; and Jack Bailey, Director.

and Eastern Iowa Light & Power Cooperative (EIL&P), Wilton, in motion to serve what will become the largest REC member in the state. IPSCO will be a member of EIL&P, and CIPCO will be the power supplier. CIPCO's commitment to the project includes 13 miles of 161 kV line, 7 miles of 345 kV line, a switching station near Walcott, and a substation on the site of the IPSCO steel mill. The plant is scheduled to come on-line in 1996.



The contractor strings conductor on CIPCO's 161 kV transmission line near Davenport. This line will bring service to the IPSCO steel plant near Muscatine.

Generation

The CIPCO generating stations, profiled on page 11, performed very well in 1995. As a group they set an historic record of availability. Individual records were set at Duane Arnold Energy Center (DAEC), Council Bluffs #3 and Louisa.

At DAEC, the nuclear generating facility, the best megawatt output ever for an outage year was recorded. It exceeded 3.7 million megawatt hours. It also received its historically best ratings from the Nuclear Regulatory Commission. All of this was achieved while working without a lost-time accident and reaching three (3) million manhours of accident-free work. The 13th refueling outage of the DAEC was the shortest recorded and also was completed under budget.

Council Bluffs #3 had the highest net generation and coal burn on record. Over four (4) million megawatt hours were generated, and 2.6 million tons of coal were burned. Unit availability was also the highest in history.

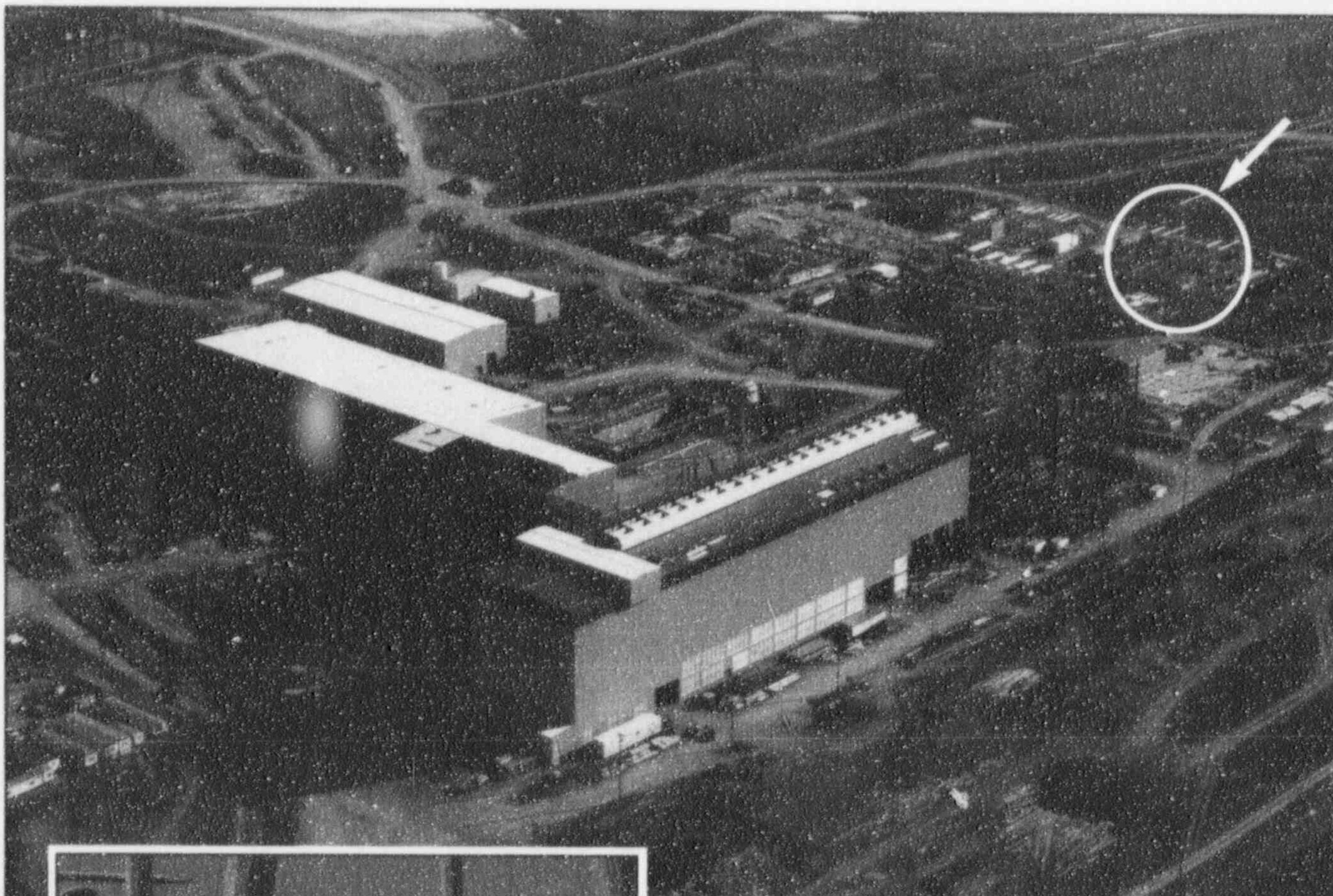
Louisa Generating Station recorded the lowest forced outage rate since going on line in 1984. The unit was available 99.9% of the year.

Operations and Maintenance

Weather conditions as always played an important role in the reliability of the system. The Midwest is often exposed to ice, wet snows, tornadoes, floods and lightning. These conditions jeopardize the performance of lines and substations. Therefore, good maintenance programs prepare the system for these conditions.

Even though weather can bring surprises for operating systems, CIPCO reports an excellent operating year in 1995. In fact, based on the three-year outage figures, reliability is

Rubber gloves are part of the personal protective equipment worn by transmission personnel.



Bobby Ratliff, KCRG-TV, photographer. Reprinted with permission from The Cedar Rapids Gazette.

Shown in the aerial view of the IPSCO steel mill is the CIPCO substation that will serve the electrical requirements of the plant. Left: Looking through an enlarged view of the steel structure of the substation is the IPSCO plant.

increasing each year. CIPCO recorded 0.59 of an hour per consumer of outage in 1995 with 0.88 of an hour per consumer in 1994 and 0.99 of an hour per consumer in 1993.

Regular maintenance is scheduled in all operating areas, and new maintenance programs are continually evaluated that will enhance reliability along with power quality. A new program implemented in 1995 was a ground rod testing program. In analyzing the results of these tests, CIPCO proceeded to add additional grounding in several areas across the system. This program reduces breaker operations and improves performance of lightning arresters on the unshielded 34.5 kV line. Protective relaying in all Wilton area substations was reviewed during the past year. Required changes are being made to improve operations.

The New-to-Replace-Old (NTRO) projects, as well as several capital improvement line projects, were completed in 1995. The total unshielded 34.5 kV line replaced under the NTRO since its inception is approximately 213 miles. There is no question that this program has improved the reliability in the areas where these projects have been completed.

The planning of operations, maintenance and construction is an ongoing process which must keep pace with the requirements of the member cooperatives. This process must continue each year to further guarantee that the system provides the best service possible to the CIPCO Systems.

Lisa Powell, photographer. Reprinted with permission from The Cedar Rapids Gazette.

CIPCO's Wilton crew assists in the restoration of the Masonville REC Tap following a tornado in July 1995.

Environmental Profile

In no other area is the government more active than in health, safety and the environment. Seventy-nine percent of all new regulations concern health, consumer job safety, or the environment. Costs continue to climb each year as new and revised regulations to the Clean Air Act plague business and industry.

Federal regulations cost the U.S. economy more than $400 billion per year, or $5,467 per household. CIPCO is embroiled in the struggle with this regulatory nightmare. Cooperative resources are often stretched to comply with the ever-increasing regulations. The volume of regulations now on record can keep an entire staff busy. Several years ago CIPCO and three other organizations decided to combine resources to deal with the growing regulatory challenge. As a result, the **Iowa Environmental Group (IEG)** was formed. The staff of the IEG coordinate regulatory compliance, strategies, training, and government relations for CIPCO.

CIPCO supports clean air, a clean environment and a common sense approach to regulation which will achieve those goals. In doing so, CIPCO will continue to work closely with regulators to protect both the environmental and economic interests of our members.

Financial Profile

The board of directors and staff are committed to keeping CIPCO in a strong financial position. The solid financial performance for 1995 continued the trend of maintaining positive operating results.

Operating Results

The consolidated financial statements reflect a net margin of $2.3 million. During 1995 $1.5 million in patronage was allocated to the members, and the 1974 patronage dividend of nearly $46,000 was returned to the members. At the end of 1995, member equity totaled $43.3 million, resulting in a 15.6 percent total equity capitalization as compared to 15.1 percent ratio in 1994.

1995's energy sales totaled $87.5 million. The revenue per kilowatt-hour averaged 51.45 mills/kWh as compared to 50.93 mills/kWh in 1994.

Purchased power increased nearly $0.5 million because DAEC was off line for scheduled refueling during 1995 and additional power had to be purchased. The increase in production plant fuel of $1.3 million resulted from a 4 percent increase in megawatt-hours generated by the plants.

Assets

Consolidated total assets are $317.3 million, an increase of $19.6 million from a year ago. Net electric plant increased by $3.0 million,

A lineman's belt and hard hat are part of the equipment that keep him safe as he carries out his duties.

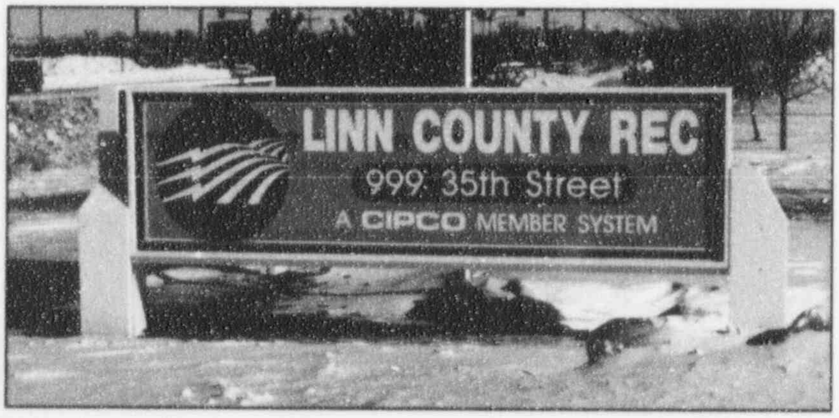
investments by $5.4 million and current assets by $14.1 million.

Rates and Ratios

Strategic planning is the key to survival in the era of increased competitiveness, and CIPCO's directors and staff are committed to proactively address issues in order to remain a competitive power supplier in today's tough market. The Budget/Rate committee reviews CIPCO's rate structure and recommends to the board appropriate billing arrangements and rate structure changes.

CIPCO's Times Interest Earned Ratio (TIER) for 1995 was 1.15 compared to 1.13 for 1994. The Debt Service Coverage (DSC) was 1.18 for 1995 and 1.25 for 1994. CIPCO's ratios continue to be in excess of the minimum requirements for debt compliance, which are 1.00 for both TIER and DSC. CIPCO's equity to asset ratio remains strong at 13.6 percent up from 13.3 percent the prior year.

Equity to asset ratios for CIPCO's member RECs averaged 42.4 percent for 1995, and equity as a percentage of capitalization averaged 44.9 percent for 1995. These ratios compare favorably to 1994 results.



Linn County Rural Electric Cooperative, Marion, erected a new sign in front of their headquarters building. It reflects their relationship to the CIPCO organization and their commitment to the CIPCO Systems Vision Statement.

Cash Flow

Net cash provided by operating activities was $19.2 million, while the net cash used in investing activities totaled $20.1 million. Investing activities consisted primarily of net electric utility plant purchases of $17.1 million and investments in associated and other organizations of $1.3 million. Financing activities during 1995 provided cash of $14.2 million. Principal payments on long-term debt were offset by additional long-term debt of $21.9 million. Ending cash and cash equivalents totaled $34.5 million at December 31, 1995, a net increase of $13.3 million.

Financial Goals and Outlook

CIPCO's board of directors is committed to maintaining a sound financial policy guideline. During 1995 the board of directors reviewed and established new rate schedules and monitored equity development plans, financial ratios, debt/equity and equity/asset ratios.

Management maintains internal accounting controls which it believes are adequate to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management authorization and financial records are reliable for preparing financial statements.

Hand held meter reading device used to interrogate CIPCO Systems' substation metering.

KPMG Peat Marwick LLP

2500 Ruan Center
P.O. Box 772
Des Moines, IA 50303

The Board of Directors
Central Iowa Power Cooperative

We have audited the accompanying consolidated balance sheets of Central Iowa Power Cooperative and subsidiary as of December 31, 1995 and 1994, and the related consolidated statements of revenue and expenses, members' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these consolidated 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Iowa Power Cooperative and subsidiary as of December 31, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

February 23, 1996

Member Firm of
Klynveld Peat Marwick Goerdeler

Central Iowa Power Cooperative and Subsidiary

Consolidated Balance Sheets

December 31, 1995 and 1994

		1995	1994
Assets *(Note 6)*			
Electric utility plant, at cost (Notes 2 and 9):			
In service	$	341,705,868	327,141,824
Less accumulated depreciation		141,112,703	132,276,176
		200,593,165	194,865,648
Construction work in progress		8,395,669	7,535,811
Nuclear fuel, at cost less accumulated amortization of $52,894,319 in 1995 and $48,496,181 in 1994		10,220,649	13,847,908
Net electric utility plant		219,209,483	216,249,367
Non-utility property, at cost less accumulated depreciation of $1,189,954 in 1995 and $983,387 in 1994 (Note 3)		7,743,804	9,432,028
Investments and note receivable:			
Investments in associated organizations		9,906,948	9,805,238
Investments in other organizations		2,700,006	1,650,000
Investments-decommissioning trust fund (Note 4)		7,659,562	5,387,287
Other investments (Note 4)		7,846,367	6,974,286
Note receivable from affiliate		1,100,946	-
Total investments and note receivable		29,213,829	23,816,811
Current assets:			
Cash and cash equivalents:			
Cash, general		2,224,253	1,793,673
Cash, construction		64,604	265,035
Cash equivalents		32,248,793	19,157,932
Accounts receivable, members		7,752,950	7,065,457
Other receivables		910,150	557,785
Fossil fuel, materials and supplies		5,364,520	6,980,093
Prepaid expenses		469,152	503,629
Interest receivable		321,478	91,124
Deferred charges		1,934,387	754,998
Total current assets		51,290,287	37,169,726
Deferred charges		9,803,040	11,001,268
	$	317,260,443	297,669,200
Capitalization and Liabilities			
Capitalization:			
Members' equity:			
Membership fees	$	1,700	1,700
Patronage capital		19,788,463	18,334,828
Other equities (Note 5)		23,492,231	21,129,262
Total members' equity		43,282,394	39,465,790
Long-term debt, less current maturities (Note 6)		235,124,252	221,732,790
Total capitalization		278,406,646	261,198,580
Current liabilities:			
Current maturities of long-term debt (Note 6)		9,286,032	8,386,033
Accounts payable		4,871,993	5,325,005
Accrued property taxes		5,082,451	5,186,663
Accrued interest		2,455,235	2,311,635
Other accrued expenses		350,493	249,413
Advances from members		300,000	300,000
Total current liabilities		22,346,204	21,758,749
Other liabilities:			
Decommissioning reserves		13,744,507	11,920,177
Special assessment		2,308,560	2,498,169
Other		454,526	293,525
Total other liabilities		16,507,593	14,711,871
Commitments and contingent liabilities (Note 10)			
	$	317,260,443	297,669,200

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Revenue and Expenses

Years Ended December 31, 1995 and 1994

		1995	1994
Operating revenue:			
Electric:			
Energy sales	$	87,504,022	83,185,169
Rent of property		679,740	640,247
Miscellaneous		515,298	549,030
Other		1,324,745	1,339,945
Total operating revenue		90,023,805	85,714,391
Operating expenses:			
Purchased power		6,606,936	6,118,306
Operations:			
Production plant - fuel		15,826,496	14,572,366
Production plant - other		16,244,449	15,218,184
Transmission plant		1,923,712	1,817,823
Maintenance:			
Production plant		7,167,473	6,903,412
Transmission plant		1,718,793	1,506,468
Member services		2,407,089	1,767,958
Administrative and general		2,936,127	3,039,463
Depreciation and amortization		10,449,639	11,375,564
Decommissioning provision		1,824,330	1,594,812
Property and other taxes and insurance		6,670,838	7,182,612
Other		2,195,911	1,546,230
Total operating expenses		75,971,793	72,643,198
Net operating margin		14,052,012	13,071,193
Other revenue:			
Investment income		2,818,438	2,381,059
Patronage capital allocations		182,029	151,185
Miscellaneous income		43,351	404,024
Total other revenue		3,043,818	2,936,268
Net margin before interest charges		17,095,830	16,007,461
Interest charges:			
Interest on long-term debt		15,337,450	14,333,960
Allowance for borrowed funds used during construction		(551,073)	(236,054)
Net interest charges		14,786,377	14,097,906
Net margin	$	2,309,453	1,909,555

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Members' Equity

Years Ended December 31, 1995 and 1994

		Membership fees	Patronage capital	Other equities	Total members' equity
Balance at December 31, 1993	$	1,700	16,724,266	21,019,707	37,745,673
Net margin		-	-	1,909,555	1,909,555
Patronage capital paid		-	(189,438)	-	(189,438)
Patronage capital allocated		-	1,800,000	(1,800,000)	-
Balance at December 31, 1994		1,700	18,334,828	21,129,262	39,465,790
Net margin		-	-	2,309,453	2,309,453
Patronage capital paid		-	(46,365)	-	(46,365)
Patronage capital allocated		-	1,500,000	(1,500,000)	-
Unrealized gain in market value of investments		-	-	1,553,516	1,553,516
Balance at December 31, 1995	$	1,700	19,788,463	23,492,231	43,282,394

See Accompanying Notes to Consolidated Financial Statements.

Central Iowa Power Cooperative and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 1995 and 1994

		1995	1994
Cash flows from operating activities:			
Net margin	$	2,309,453	1,909,555
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization of electric utility plant and non-utility property		10,612,746	10,208,176
Amortization of deferred charges		4,050,241	5,028,784
Amortization of nuclear fuel		4,398,138	4,586,276
Decommissioning provision		1,824,330	1,594,812
Write-down of non-utility property		1,052,426	-
Patronage capital allocations not received in cash		(181,939)	(92,303)
Amortization of investment premium		-	10,560
Amortization of repricing costs		396,602	311,284
Loss on disposal of investments - decommissioning trust fund and other investments		128,348	-
Gain on disposal of investments - decommissioning trust fund and other investments		(512,121)	(550,309)
Interest income reinvested		(591,866)	(612,014)
(Increase) decrease in receivables		(1,001,160)	344,223
Decrease (increase) in fossil fuel, materials and supplies		1,615,573	(2,814,424)
(Increase) decrease in prepayments and interest receivable		(195,877)	306,369
Refueling outage and other costs deferred		(4,591,230)	-
(Decrease) increase in accounts payable, accrued liabilities, and other liabilities		(144,307)	346,157
Other		(6,649)	(169,699)
Net cash provided by operating activities		19,162,708	20,407,447
Cash flows from investing activities:			
Additions to electric utility plant, net		(17,129,102)	(11,154,360)
Additions to non-utility property, net		(112,671)	(915,993)
Purchases of investments-decommissioning trust fund and other investments		(8,929,746)	(6,792,843)
Sales of investments-decommissioning trust fund and other investments		8,314,546	5,544,691
Purchases of nuclear fuel		(595,798)	(3,813,521)
Purchase of investments in associated organizations and other organizations		(1,347,956)	(65,525)
Receipt of prior years' patronage capital allocation		227,610	142,216
Sales of investments in associated organizations and other organizations		128,358	37,836
Increase in note receivable from affiliate		(622,301)	-
Net cash used in investing activities		(20,067,060)	(17,017,499)
Cash flows from financing activities:			
Decrease in advances from members		-	(2,100,000)
Principal payments on long-term debt		(7,567,343)	(7,393,442)
Proceeds from long-term borrowings		21,858,804	10,860,000
Patronage capital paid		(46,365)	(189,438)
Interest rate adjustment repricing costs		(19,734)	(2,058,209)
Net cash provided by (used in) financing activities		14,225,362	(881,089)
Net increase in cash and cash equivalents		13,321,010	2,508,859
Cash and cash equivalents at beginning of year		21,216,640	18,707,781
Cash and cash equivalents at end of year	$	34,537,650	21,216,640
Supplemental disclosure of cash flow information:			
Cash payments for interest	$	15,193,850	14,112,378
Supplemental disclosure of non-cash investing and financing activities:			
Additional long-term debt incurred to reduce interest rates on long-term debt	$	-	3,928,235

See Accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

December 31, 1995 and 1994

Note 1: *Summary of Significant Accounting*

(a) Basis of Accounting

The consolidated financial statements include the accounts of Central Iowa Power Cooperative (the Cooperative) and its majority owned subsidiary, Central Iowa Energy Cooperative (CIECO). The Cooperative is an electric generation and transmission cooperative providing wholesale electric service to its 15 members. CIECO owns certain power plant sites, including a lake and dam suitable for construction and operation of an electric generating plant. CIECO also operates a golf course. All significant intercompany balances and transactions have been eliminated in consolidation.

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). The Cooperative is not subject to external regulation other than by the RUS.

Distribution of margins of the Cooperative and CIECO (collectively, the Company) are made in accordance with the provisions of the Code of Iowa.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Electric Utility Plant

Depreciation of electric utility plant in service is provided over the estimated useful lives of the respective assets on the straight-line basis. Maintenance and repair of property and replacement and renewal of items determined to be less than units of property are charged to expense. Replacement and renewal of items considered to be units of property are charged to the property accounts. At the time properties are disposed of, the original cost, plus cost of removal less salvage of such property, is charged to accumulated depreciation.

(d) Nuclear Decommissioning

Based upon a site-specific study completed in 1994, the Cooperative's share of the costs to decommission the Duane Arnold Energy Center (DAEC) is estimated at $75,000,000 in 1995 dollars. Such decommissioning costs include the cost of decontamination, dismantlement and site restoration in accordance with the Nuclear Regulatory Commission guidelines. The study recognizes that spent fuel storage facilities will be active for 5 years after operations close, but the cost to dispose of spent fuel is not considered a decommissioning expense. The Cooperative includes a provision for disposal in its nuclear fuel expense.

The site-specific estimate is being used as the basis for decommissioning funding. For purposes of developing a decommissioning funding plan, the Cooperative assumes decommissioning costs will escalate at an annual rate of 5 percent and the average return on investments will be approximately 10 percent. The funding plan assumes decommissioning will start in 2014, the anticipated plant shutdown date. The decommissioning costs are being recognized over the expected service life of the plant and are included in the Cooperative's service rates. At December 31, 1995, the Cooperative has $7,659,562 in investments set aside for decommissioning in a legally restricted external trust fund and has also designated $6,084,945 of other investments for decommissioning.

(e) Non-utility Property

Non-utility property is carried at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 10 years for equipment, and 33 to 40 years for the dam, operation center, and conference center. The golf course lease is being amortized on the straight-line method over the term of the lease, approximately 41 years.

(f) Allowance for Funds Used During Construction

The allowance for funds used during construction represents the estimated cost, during the period of construction, of borrowed funds used for construction purposes. The composite rates used to calculate the allowance for 1995 and 1994 were approximately 6.7 percent and 5.5 percent, respectively.

(g) Nuclear Fuel

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

(h) Fossil Fuel, Materials and Supplies

Fossil fuel, materials and supplies are stated at moving average cost.

(i) Investments and Note Receivable

Investments in associated organizations consist primarily of approximately $5,600,000 in capital term certificates issued by National Rural Utilities Cooperative Finance Corporation (CFC) and memberships in other cooperatives. These investments are stated at cost, adjusted for patronage capital allocations.

Investments in other organizations consist primarily of investments in a venture capital corporation (31 percent ownership) and a retirement home limited liability company (42 percent ownership) which are accounted for on the equity method, and an approximate 1 percent investment in a telecommunications corporation which is carried at cost.

Investments - decommissioning trust fund is a legally restricted external trust fund and consists primarily of U.S. Treasury notes, other bonds and notes, common stock and money market funds.

Notes to Consolidated Financial Statements *(Continued)*

December 31, 1995 and 1994

Other investments consist primarily of U.S. Treasury notes, other bonds and notes, common stock and money market funds.

Note receivable from an affiliated joint venture bears interest at 8.30 percent to 8.65 percent, and is due in quarterly installments of $29,600 including interest through May 2010.

The Company adopted Statement of Financial Accounting Standards No. 115 (SFAS No. 115) effective January 1, 1994. Under SFAS No. 115, the Company's investments in marketable debt and equity securities must be classified at acquisition.

(j) Pension Plan

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

(k) Deferred Charges

Deferred charges consist principally of a special assessment established by the Energy Policy Act of 1992 for decontamination and decommissioning of the Department of Energy enrichment facilities and repricing costs incurred to obtain lower interest rates on long-term debt. These costs are being recovered through rates over various amortization periods as follows: the special assessment, 15 years ending in 2007, and the repricing costs, 17-21 years ending in 2014. The amount of these costs to be amortized in 1996 has been reflected as a current asset on the balance sheet.

(l) Cash Equivalents

Cash equivalents of $32,248,793 and $19,157,932 at December 31, 1995 and 1994, respectively, consist of CFC commercial paper and principal payments on mortgage notes paid in advance of the due date. For purposes of the statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(m) Fair Value of Financial Instruments

Fair value estimates, methods, and assumptions are set forth below.

Cash and Cash Equivalents, Accounts and Other Receivables, Interest Receivable, Accounts Payable and Advances from Members

The carrying amount approximates fair value because of the short-term nature of these instruments.

Investments and Note Receivable

It was not practicable to estimate the fair value of investments in associated and other organizations. The investments in associated organizations are carried at their original cost, adjusted for patronage capital allocations. The untraded capital term certificates currently bear interest at 3 percent to 5 percent and primarily mature in 2020 through 2080. The patronage capital allocations are noninterest-bearing and mature based upon the granting cooperatives' policies. The investments in untraded other organizations are accounted for on the cost or equity method.

The fair value of investments-decommissioning trust fund and other investments are based on quoted market prices published in financial newspapers or quotations received from securities dealers. At December 31, 1995, the estimated fair value of investments-decommissioning trust fund and other investments were $7,659,562 and $7,846,367, respectively. The carrying value of the note receivable approximates the fair value.

Long-Term Debt

The fair value of long-term debt is calculated by discounting scheduled cash flows through maturity using estimated market discount rates. The discount rate is estimated using the rates currently offered for long-term debt of similar remaining maturities. At December 31, 1995, the Company estimated the fair value of its long-term debt as $252,000,000.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Because no market exists for a portion of the Company's financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(n) Reclassifications

Certain amounts for 1994 have been reclassified to conform to the 1995 presentation.

Note 2: *Electric Utility Plant in Service*

The major classes of electric utility plant in service at December 31, 1995 and 1994 and depreciation and amortization for 1995 and 1994 are as follows:

		Cost		Depreciation and amortization		Composite rates
		1995	1994	1995	1994	%
Intangible plant	$	**554,170**	289,298	**11,372**	6,121	4.00
Production plant		**235,288,942**	230,215,863	**7,518,944**	7,301,792	3.10-3.50
Transmission plant		**98,506,125**	89,443,205	**2,341,299**	2,156,597	2.75
Distribution plant		**454,256**	454,256	**12,914**	12,915	2.75
General plant		**6,902,375**	6,739,202	**482,117**	470,392	3.00-16.00
Electric utility plant in service	$	**341,705,868**	327,141,824	**10,366,646**	9,947,817	

Note 3: *Non-utility Property*

At December 31, 1995, and 1994, non-utility property consists of the following:

		1995	1994
Plant site held for future use - Guthrie County		**2,687,809**	2,687,809
Missouri River site [1]		**792,825**	1,845,251
Lake and dam - Guthrie County		**1,228,609**	1,228,609
Wilton operation center		**650,000**	650,000
Equipment		**1,445,001**	1,412,098
Golf course property and equipment		**1,560,572**	1,520,337
Other property		**568,942**	1,071,311
	$	**8,933,758**	10,415,415

[1] During 1995, the company decided that the jointly owned Missouri River site would no longer be held for future use. In conjunction with that decision, a write-down of approximately $1 million was made to carry the site at estimated fair market value. The Company and its joint owners intend to sell the site.

Note 4: *Investments*

At December 31, 1995, investments-decommissioning trust fund and other investments were classified as available-for-sale and consisted of the following:

		Decommissioning Trust Fund				Other Investments			
		Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury notes	$	1,020,973	95,817	-	1,116,790	4,628,096	331,305	-	4,959,401
Other bonds and notes		540,489	17,387	4,312	553,564	65,000	-	-	65,000
Common stock		4,273,080	1,150,296	40,033	5,383,343	1,823,125	47,079	44,023	1,826,181
Money market funds and other		605,865	-	-	605,865	995,785	-	-	995,785
Totals	$	6,440,407	1,263,500	44,345	7,659,562	7,512,006	378,384	44,023	7,846,367

At December 31, 1994, investments-decommissioning trust fund and other investments consisted of the following:

		Decommissioning Trust Fund				Other Investments			
		Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury notes	$	-	-	-	-	4,016,875	-	177,515	3,839,360
Other bonds and notes		835,126	20,298	46,481	808,943	594,860	44,160	-	639,020
Common stock		3,688,044	291,360	174,213	3,805,191	-	-	-	-
Money market funds and other		773,153	-	-	773,153	2,505,893	-	9,987	2,495,906
Totals	$	5,296,323	311,658	220,694	5,387,287	7,117,628	44,160	187,502	6,974,286

Note 5: *Other Equities*

At December 31, 1995, and 1994, other equities consist of the following:

		1995	1994
Unallocated margin	$	**2,309,453**	1,909,555
Reserve for contingent losses		**12,727,630**	12,727,630
Surplus		**6,901,632**	6,492,077
Unrealized gain in market value of investments		**1,553,516**	-
	$	**23,492,231**	21,129,262

The reserve for contingent losses is a discretionary reserve established by the Company for unexpected future losses.

Notes to Consolidated Financial Statements *(Continued)*

December 31, 1995 and 1994

Note 6: *Long-term Debt*

At December 31, 1995, and 1994, long-term debt consists of the following:

	1995	1994
RUS, 2% and 5% mortgage notes payable, due in quarterly installments approximating $1,498,000 adjusted quarterly, including interest, maturing through June 2019	$ **65,786,165**	60,991,334
Federal Financing Bank (FFB), 5.418% to 10.584% mortgage notes payable, guaranteed by the RUS, due in quarterly installments approximating $3,313,0000, including interest, maturing from December 2010 through 2020	**141,919,965**	132,096,719
CFC, 7% mortgage notes payable, due in quarterly installments approximating $293,000 , including interest, maturing from December 2006 through December 2015	**9,245,047**	9,748,831
CFC, variable interest rate (6.2% at December 31, 1995) notes payable, due in quarterly installments approximating $286,000 adjusted quarterly, including interest, maturing through March 2027	**14,135,766**	14,300,405
CFC, variable interest rate (6.2% at December 31, 1995), notes payable, due in quarterly installments approximating $27,000, including interest, maturing through September 1999	**425,086**	516,726
CFC, 6.125% mortgage notes payable, due in quarterly installments approximating $56,800, including interest, maturing through March 2014	**2,486,886**	2,559,050
CFC, 9.75% mortgage note payable, due in quarterly installments approximating $19,700, including interest, maturing through December 2008	**579,326**	600,621
Cooperative members, variable interest rate (6.35% at December 31, 1995) unsecured notes payable, due in quarterly installments approximating $29,000, including interest, maturing on October 1, 2005	**852,753**	914,417
City of Council Bluffs, Iowa 5.75% to 6.125% Pollution Control Revenue Bonds guaranteed by CFC, due in semi-annual installments ranging from $85,000 to $165,000, maturing on December 1, 2007	**2,930,000**	3,090,000
Louisa County, Iowa, 3.70% - 4.65% Pollution Control Revenue Bonds guaranteed by CFC, due in annual installments ranging from $230,000 to $305,000, maturing on December 15, 2003	**2,125,000**	2,345,000
Eastern Iowa Light and Power Cooperative, 4% - 7% capital lease obligations, due in quarterly installments, including interest, approximating $190,000 through second quarter 1998, and $50,000 adjusted quarterly thereafter through 2013	**2,783,237**	2,934,795
National Cooperative Services Corporation (NCSC), 8.30% to 8.65% mortgage notes payable, due in quarterly installments approximating $29,600, including interest, maturing through May 2010	**1,124,670**	-
Note payable, 9.5%, due in annual installments approximating $6,500, including interest, maturing January 1999	**16,383**	20,925
Total long-term debt	**244,410,284**	230,118,823
Less current maturities	**9,286,032**	8,386,033
Total long-term debt, less current maturities	$ **235,124,252**	221,732,790

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1995 are as follows: 1996, $9,286,032; 1997, $8,918,521; 1998, $9,379,024, 1999, $9,834,461, and 2000, $10,278,458.

At December 31, 1995, the Cooperative had $10,000,000 of unadvanced funds available under a short-term line of credit agreement with CFC which expires in November, 1996, and approximately $3,000,000 of unadvanced funds available for various construction projects. The Cooperative has received preliminary approval from the RUS, FFB and CFC for an additional $54,600,000 of funds available for various construction projects. Final approval is pending the completion of certain conditions as specified in the preliminary approval.

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

Note 7: *Pension Plan*

The Company participates in a multi-employer pension plan which covers substantially all employees. The accumulated plan benefits and net assets of the plan are not determined or allocated separately by individual employer. Pension expense for the years ended December 31, 1995 and 1994 amounted to $406,000 and $361,000, respectively.

Note 8: *Income Tax Status*

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

CIECO is organized as a taxable cooperative under the laws of Iowa. At December 31, 1995, CIECO had net operating loss carryforwards of approximately $1,100,000 for federal income tax purposes available to reduce future federal taxable income through 2008. CIECO also has unused investment tax credits of approximately $44,000 available to reduce future income taxes through 2000. For financial reporting purposes, a portion of the tax loss carryforward and unused investment tax credits have been applied to eliminate net deferred tax credits. To the extent the tax loss carryforward and investment tax credits are used to offset income taxes for tax purposes, net deferred tax credits will be restored at the then current rates.

Note 9: *Jointly owned Electric Utility Plant*

The Cooperative's share of jointly owned generating facilities as of December 31, 1995, is reflected in the following table. These facilities provide approximately 50% of the Cooperative's total generating capacity. The Cooperative is required to provide financing for its share of the units. The Cooperative's share of expenses associated with these units is included with the appropriate operating expenses in the statements of revenue and expenses. The following table provides the net balance recorded in the Electric-Utility Plant by facility, at December 31,1995.

Facility	Percentage Ownership	Capacity MW	Electric Utility Plant, Net
DAEC	20.0%	107	$80,620,799
Council Bluffs Unit No. 3	11.5	78	24,373,093
Louisa Generating Station	4.6	32	19,464,164

Note 10: *Commitments and Contingent Liabilities*

The Cooperative has entered into an agreement with IPSCO Inc. to provide electrical service for IPSCO Inc.'s manufacturing facility under construction in Montpelier, Iowa. In accordance with the agreement, the Cooperative must furnish and maintain certain transmission facilities, transmission lines, switching stations and other items (collectively "Facilities"), as defined in the agreement. The Cooperative will be responsible for up to $23,000,000 of the cost of constructing the Facilities, subject to certain conditions as defined in the agreement. Upon completion of its manufacturing facility, IPSCO Inc., will pay a monthly customer charge to the Cooperative regardless of the amount of power used by IPSCO Inc. In addition, IPSCO Inc. will pay certain other charges as defined in the agreement. If IPSCO Inc. does not complete its manufacturing facility or ceases to purchase power through the Cooperative, IPSCO Inc. is obligated to pay the Cooperative for its amortized investment in the Facilities as defined in the agreement. Financing for the Facilities to be constructed by the Cooperative has been approved by the RUS.

The Cooperative is committed under a subscription agreement with an affiliated venture capital corporation to purchase the remaining one-half of their subscribed preferred shares at a price of $1,650,000 upon 60 days notice from the corporation's officers.

The Cooperative's operations and activities with respect to its coal-fired facilities are subject to developing environmental legislation and regulations by Federal and State authorities. Recent amendments to the Federal Clean Air Act require utilities, including the Cooperative, to comply with more restrictive emissions standards commencing in 1995. The Cooperative is recovering any increased costs resulting from compliance with the environmental legislation through increased rates.

The Price-Anderson Amendments Act of 1988 (1988 Act) provides DAEC with the benefit of $8.9 billion of public liability coverage consisting of $200 million of insurance and $8.7 billion of potential retroactive assessments from the owners of nuclear power plants. Under the 1988 Act, DAEC could be assessed a maximum of $79.3 million per nuclear incident, with a maximum of $10 million per year (of which the Cooperative's 20 percent ownership portion would be $15.9 million and $2 million, respectively), if losses relating to the accidents exceeded $200 million. Pursuant to provisions in various nuclear insurance policies, DAEC could be assessed retroactive premiums in connection with a future accident at a nuclear facility owned by a utility participating in the particular insurance plan. With respect to primary and excess property damage and replacement power coverages, DAEC could be assessed a maximum of $12.9 million and $0.7 million, respectively, if the insurer's losses relating to an accident exceeded its reserves of which the Cooperative's 20 percent ownership would be $2.58 million and $0.14 million. While assessments may also be made for losses in prior years the Cooperative is not aware of any losses in such years that it believes are likely to result in an assessment.

Central Iowa Power Cooperative and Subsidiary

Ten Year Financial Summary

Unaudited

		1995	1994	1993
SUMMARY OF OPERATIONS				
Operating revenue	$	**90,023,805**	85,714,391	86,228,741
Operating expenses and interest:				
Purchased power		**6,606,936**	6,118,306	9,492,228
Operations, maintenance and other		**45,076,834**	41,564,483	36,156,917
Member services		**2,407,089**	1,767,958	1,530,166
Administrative and general[2]		**2,936,127**	3,039,463	3,795,594
Depreciation and amortization		**10,449,639**	11,375,564	10,799,746
Decommissioning provision		**1,824,330**	1,594,812	1,770,725
Property and other taxes and insurance		**6,670,838**	7,182,612	7,044,412
Net interest charges		**14,786,377**	14,097,906	15,061,130
Total operating expenses and interest		**90,758,170**	86,741,104	85,650,918
Margin (loss) before other revenue		**(734,365)**	(1,026,713)	577,823
Other revenue		**3,043,818**	2,936,268	1,887,856
Net margin	$	**2,309,453**	1,909,555	2,465,679
ASSETS				
Electric utility plant	$	**413,216,505**	397,021,724	384,457,411
Less accumulated depreciation and amortization		**194,007,022**	180,772,357	168,641,832
Net electric utility plant		**219,209,483**	216,249,367	215,815,579
Net non-utility property, investments, and note receivable		**36,957,633**	33,248,839	30,267,892
Current assets		**51,290,287**	37,169,726	36,184,307
Deferred charges		**9,803,040**	11,001,268	6,442,156
Total assets	$	**317,260,443**	297,669,200	288,709,934
CAPITALIZATION AND LIABILITIES				
Members' equity	$	**43,282,394**	39,465,790	37,745,673
Long-term debt		**235,124,252**	221,732,790	215,429,551
Current liabilities		**22,346,204**	21,758,749	22,728,477
Decommissioning reserves		**13,744,507**	11,920,177	10,325,365
Special assessment and other liabilities		**2,763,086**	2,791,694	2,480,868
Total capitalization and liabilities	$	**317,260,443**	297,669,200	288,709,934

[1] *Not restated to reflect consolidation of majority owned subsidiary, CIECO.*

[2] *Beginning in 1994, certain salaries, benefits, and other costs previously classified as administrative and general have been reclassified as member services or operations, maintenance and other to be more reflective of the services provided. Years 1993 through 1986 have not been reclassified on a comparative basis as it was not practical.*

1992	1991[1]	1990[1]	1989[1]	1988[1]	1987[1]	1986[1]
82,750,091	80,783,023	76,062,827	72,678,218	71,552,131	68,805,228	67,660,629
6,238,944	5,093,377	6,994,000	3,271,280	1,911,799	4,511,217	3,228,972
36,718,806	37,160,245	32,720,503	33,383,176	34,725,741	31,144,655	29,793,316
1,101,637	982,531	794,000	529,285	645,776	463,929	431,887
4,404,458	3,629,407	3,221,043	2,853,246	1,964,679	1,782,692	1,493,403
10,205,712	9,398,207	10,788,846	9,400,390	9,377,277	8,910,470	8,546,967
1,204,770	1,009,870	1,725,699	1,001,790	1,028,832	929,960	838,831
7,055,071	7,374,852	6,715,566	6,469,109	6,112,232	5,784,505	5,527,953
15,482,054	15,453,492	15,237,629	15,283,640	14,830,577	15,323,888	15,769,131
82,411,452	80,101,981	78,197,286	72,191,916	70,596,913	68,851,316	65,630,460
338,639	681,042	(2,134,459)	486,302	955,218	(46,088)	2,030,169
2,000,743	2,090,006	4,098,528	2,093,041	1,744,943	1,713,438	1,726,608
2,339,382	2,711,048	1,964,069	2,579,343	2,700,161	1,667,350	3,756,777
371,882,103	361,894,125	348,703,621	351,945,766	339,859,546	315,296,237	305,693,465
156,930,198	145,171,769	133,099,805	137,980,323	127,792,910	117,308,959	107,009,719
214,951,905	216,722,356	215,603,816	213,965,443	212,066,636	197,987,278	198,683,746
28,352,028	23,142,382	18,448,543	16,234,231	16,301,544	14,016,197	11,290,315
18,749,147	19,900,184	23,024,779	22,686,762	19,708,998	29,492,565	29,299,708
5,197,969	3,986,348	5,012,018	7,537,685	9,343,599	10,335,627	11,591,849
267,251,049	263,751,270	262,089,156	260,424,121	257,420,777	251,831,667	250,865,618
35,279,994	33,418,329	30,707,281	28,743,212	26,163,869	23,495,994	21,828,644
202,507,475	204,381,424	209,197,377	213,767,922	212,957,991	213,794,778	215,331,259
18,411,229	18,601,647	15,904,498	13,358,686	14,746,407	12,017,216	12,111,996
8,554,640	7,349,870	6,280,000	4,554,301	3,552,510	2,523,679	1,593,719
2,497,711	-	-	-	-	-	-
267,251,049	263,751,270	262,089,156	260,424,121	257,420,777	251,831,667	250,865,618

Member Cooperative Operating Statistics

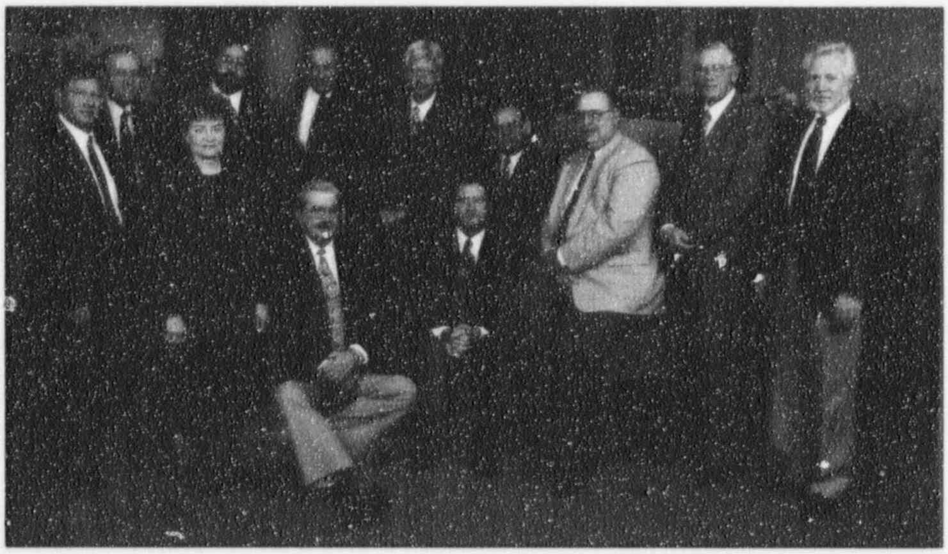
Unaudited

	Adams	Clarke	East-Central	Eastern	Farmers	Guthrie	Linn
SUMMARY OF OPERATIONS:							
Operating Revenue	$ 2,467,064	5,589,762	11,638,267	26,584,135	7,546,948	5,469,676	15,661,687
Purchased Power	1,389,869	2,827,294	7,457,996	17,338,975	4,797,487	3,109,082	10,435,479
Operating Expenses	608,817	1,488,194	1,987,641	4,298,415	1,327,848	1,341,790	2,699,347
Depreciation	194,279	436,291	571,229	1,672,847	529,089	339,014	724,294
Tax Expense	59,223	187,351	235,856	556,701	164,557	130,937	333,260
Interest Expense	206,128	496,728	827,010	1,140,708	554,737	400,826	1,291,288
Total Cost - Electric Service	2,458,316	5,435,858	11,079,732	25,007,646	7,373,718	5,321,649	15,483,668
Operating Margins	8,748	153,904	558,535	1,576,489	173,230	148,027	178,019
Non-operating Margins & Capital Credits	122,587	213,013	404,831	734,070	238,549	298,562	339,731
Patronage Capital or Margins	$ 131,335	366,917	963,366	2,310,559	411,779	446,589	517,750
ASSETS AND OTHER DEBITS:							
Total Utility Plant	$ 6,474,713	15,800,096	23,945,817	58,257,303	17,106,572	12,525,977	29,759,930
Accumulated Depreciation & Amortization	2,103,566	5,428,672	5,913,503	16,955,545	4,486,997	4,852,905	6,379,689
Net Utility Plant	4,371,147	10,371,424	18,032,314	41,301,758	12,619,575	7,673,072	23,380,241
Property & Investments	1,075,976	1,741,296	3,383,306	10,884,103	2,086,661	1,505,887	3,458,210
Current & Accrued Assets	1,065,738	2,509,100	4,367,986	6,622,511	3,061,865	4,228,046	2,794,365
Deferred Debits	6,173	22,619	9,873	(5,821)	33,194	-	199,266
Total Assets & Other Debits	$ 6,519,034	14,644,439	25,793,479	58,802,551	17,801,295	13,407,005	29,832,082
LIABILITIES AND OTHER CREDITS:							
Margins & Equities	$ 2,210,142	4,591,986	11,350,921	30,049,666	6,587,563	5,148,383	8,830,636
Long Term Debt	4,075,123	9,369,429	13,623,632	25,694,866	10,173,723	7,631,941	17,532,534
Current & Accrued Liabilities	223,966	608,741	788,267	2,738,168	721,009	619,055	3,446,265
Deferred Credits & Misc. Oper.	9,803	74,283	30,659	319,851	319,000	7,626	22,647
Total Liabilities & Other Credits	$ 6,519,034	14,644,439	25,793,479	58,802,551	17,801,295	13,407,005	29,832,082
OTHER STATISTICS:							
Miles of Line	782	1,749	2,174	4,456	1,764	1,385	1,743
Consumers Served	1,648	4,244	7,145	19,869	4,719	4,645	12,606
Consumers Per Mile	2.1	2.4	3.3	4.5	2.7	3.4	7.2
kWhs sold per consumer	15,763	11,815	19,616	15,961	20,904	13,509	14,105
MWh Sales	25,977	50,142	140,157	317,137	98,644	62,751	177,805
Annual Revenue per Consumer	$1,497	$1,317	$1,629	$1,338	$1,599	$1,178	$1,242
Plant Investment per Consumer	$3,929	$3,723	$3,351	$2,932	$3,625	$2,697	$2,361

* This data represents the combined service territories of Greene County Rural Electric Cooperative and Hardin County Rural Electric Cooperative.

Maquoketa	Marshall	Midland*	Nyman	Pella	Rideta	T. I. P.	Total
17,378,930	5,837,468	14,154,536	2,055,922	3,226,391	3,214,670	8,587,754	129,413,210
12,343,236	3,774,145	8,914,364	1,105,998	2,092,037	1,653,149	5,377,873	82,616,984
2,850,366	1,153,637	2,460,909	571,417	606,271	747,330	1,719,340	23,861,322
786,470	340,392	1,014,761	112,764	150,470	269,284	399,106	7,540,290
316,601	134,659	315,844	50,229	66,538	104,026	160,285	2,816,067
639,024	318,071	973,899	122,183	173,798	263,483	417,207	7,825,090
16,935,697	5,720,904	13,679,777	1,962,591	3,089,114	3,037,272	8,073,811	124,659,753
443,233	116,564	474,759	93,331	137,277	177,398	513,943	4,753,457
545,849	193,402	304,663	47,237	142,917	86,989	302,686	3,975,086
989,082	309,966	779,422	140,568	280,194	264,387	816,629	8,728,543
28,789,259	11,633,101	33,990,505	4,400,542	6,246,367	9,814,487	15,695,216	274,439,885
11,229,124	4,402,851	9,079,480	1,494,877	2,197,902	3,033,000	4,694,691	82,252,802
17,560,135	7,230,250	24,911,025	2,905,665	4,048,465	6,781,487	11,000,525	192,187,083
5,083,451	1,721,098	3,474,810	561,043	1,213,865	822,725	2,159,960	39,172,391
6,366,457	2,929,033	3,579,626	448,165	1,185,018	979,536	3,444,355	43,581,801
58,248	1,706	57,816	5,455	9,174	-	5,017	402,720
29,068,291	11,882,087	32,023,277	3,920,328	6,456,522	8,583,748	16,609,857	275,343,995
15,498,252	4,694,197	12,046,673	1,439,267	3,055,084	2,632,259	8,549,576	116,684,605
11,745,970	6,614,592	18,437,939	2,261,431	3,088,607	5,490,550	7,187,247	142,927,584
1,688,671	566,102	1,518,669	213,316	304,464	375,173	860,854	14,672,720
135,398	7,196	19,996	6,314	8,367	85,766	12,180	1,059,086
29,068,291	11,882,087	32,023,277	3,920,328	6,456,522	8,583,748	16,609,857	275,343,995
3,009	1,074	2,782	592	588	1,215	1,725	25,038
11,993	4,112	8,244	1,416	2,130	2,561	5,392	90,724
4.0	3.8	3.0	2.4	3.6	2.1	3.1	3.6
17,769	16,235	20,979	14,956	17,470	12,312	18,315	16,689
213,107	66,758	172,948	21,177	37,212	31,531	98,755	1,514,101
$1,449	$1,420	$1,717	$1,452	$1,515	$1,255	$1,593	$1,426
$2,401	$2,829	$4,123	$3,108	$2,933	$3,832	$2,911	$3,025

CIPCOSYSTEMS



CIPCO Systems' Managers. Standing from the left: Melvin Nicholas, Eastern Iowa Light & Power Cooperative; Darrel Heetland, T. I. P. Rural Electric Cooperative; Dorothy Postel, Maquoketa Valley Rural Electric Cooperative; Timothy Stewart, Rideta Electric Cooperative, Inc.; John Wietzke, Farmers Electric Cooperative, Inc.; and John Smith, Pella Cooperative Electric Association. Seated from the left: Kenneth Stone, Adams County Cooperative Electric Co. and Nyman Electric Cooperative, Inc.; Kim Colberg, Linn County Rural Electric Cooperative; Franklin Mains, Guthrie County Rural Electric Cooperative; Tom Killebrew, Clarke Electric Cooperative, Inc.; David Ferris, South Iowa Municipal Electric Cooperative Association; and Donald Severson, Midland Power Cooperative. Not pictured, Martin Gardner, East-Central Iowa Rural Electric Cooperative, and Daniel Bohlke, Marshall County Rural Electric Cooperative.

Adams County Cooperative Electric Co. • Corning

Clarke Electric Cooperative, Inc. • Osceola

East-Central Iowa Rural Electric Cooperative • Vinton

Eastern Iowa Light and Power Cooperative • Wilton

Farmers Electric Cooperative, Inc. • Greenfield

Guthrie County Rural Electric Cooperative • Guthrie Center

Linn County Rural Electric Cooperative • Marion

Maquoketa Valley Rural Electric Cooperative • Anamosa

Marshall County Rural Electric Cooperative • Marshalltown

Midland Power Cooperative • Jefferson

Nyman Electric Cooperative, Inc. • Stanton

Pella Cooperative Electric Association • Pella

Rideta Electric Cooperative, Inc. • Mount Ayr

South Iowa Municipal Electric Cooperative Association (SIMECA) • Brooklyn, Cascade, Corning, Earlville, Fontanelle, Gowrie, Greenfield, Lamoni, Lenox, Stuart, Villisca, Winterset

T.I.P. Rural Electric Cooperative • Brooklyn

Central Iowa Power Cooperative
1400 Highway 13 S.E.
P.O. Box 2517
Cedar Rapids, Iowa 52406
319-366-8011