

FINANCIAL STATEMENTS

1946-1996



CENTRAL IOWA POWER COOPERATIVE

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PDR ADOCK 05000331
I PDR

FINANCIAL STATEMENTS

1946-1996



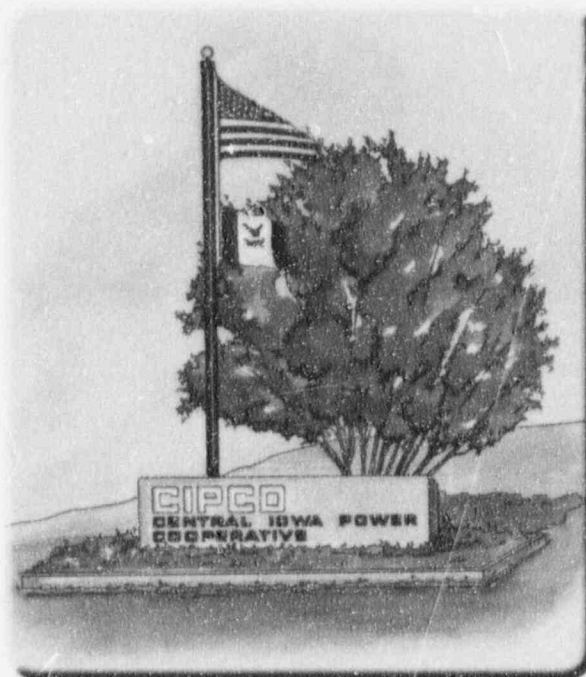
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CIPCO AT A GLANCE

(1996 Statistics)

| | |
|--|-----------------|
| Energy Sales | 1,779,025 MWh |
| Total Operating Revenue | \$91,732,592 |
| Net Margin | \$6,467,080 |
| Total Assets | \$332,965,040 |
| Average Wholesale Rate to Members | 48.63 Mills/kWh |
| Member Systems | 15 |
| Total Retail Consumers (approximate number of meters)..... | 100,000 |
| Approximate Population Served | 250,000 |
| 1996 Peak Demand | 370 MW |
| Owned/Co-owned/Purchased Capacity | 449.2 MW |
| Miles of Transmission Line | 2,000 |
| Employees (including affiliated and subsidiary companies)..... | 122 |



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

A REPORT FROM THE PRESIDENT AND CEO

We are closely following the industry as it evolves, and are adjusting our focus to increase our competitiveness by reducing costs while improving services.

We are pleased to be able to report that 1996 was again another good year in a growing succession of strong years from financial perspectives. Margins earned of nearly 6.5 million dollars exceeded forecast and our diversified investment portfolio contributed directly to increases in member equity. The Balance Sheets reflect significant cash and cash equivalent balances and the Statements of Revenue and Expenses show stabilized operating expenses. These financial statements document CIPCO's progress toward financial security.

For as much as we take great pride in our financial and operating performance and the financial strength of CIPCO, the real measure of the success for energy suppliers in the future will be determined by how well they are prepared to deal with the realities of unrestricted competition. We are pleased to report that the change which will be affecting all industry participants has been well anticipated by the CIPCO Board of Directors. The formal business planning processes which began in 1989 have been instrumental in positioning your cooperative to become a competitive partner as opportunities open to us in a new era.

However, the real proof of CIPCO's capabilities depends upon how well we are able to embrace change and how aggressively we can execute a new business model. Whether competition is our opportunity to continued success or whether it is a threat to our future viability is yet to be determined. The ultimate judge of our competitive design will be the consumer. Regardless of financial posture or tradition, the utilities that will prosper will be those that create relevant, lasting and sustainable value propositions for customers. As we refine our agenda for the coming year we will focus our resources in this critical area.

As a wholesale power supplier operating within prescribed service territories, CIPCO's historical interest in retail customer needs has been defined by the members of CIPCO and limited to an advisory function. Herein lies a major impediment to the implementation of product and service value propositions. It is difficult in the existing business model, if not impossible, to deliver customer service proposals and innovative energy products via a marketplace defined individually by each of the CIPCO member systems. The resources necessary to insure the success of any particular initiative are not consistently applied throughout the service territory.

To the extent that our member systems are not homogenous, there are numerous points of difference and legitimate conflicts in the perception of urgency on a variety of matters. To expect that these discrepancies can be solved quickly would be naive. Yet to fail to respond to market driven demands could prove fatal to the long-term viability of CIPCO. In developing our template for the new competitive environment we must define our legitimate business interest beyond the wholesale power contract.

Concurrently, CIPCO's long standing power generation, transmission, and dispatch relationships with IES and Interstate Power are destined to change materially given the pending merger between these parties and WPL Holdings and the implications of a new marketplace currently being defined by the various legislative and regulatory bodies. Our attempts to date, to understand the magnitude and nature of these changes have been unsuccessful but we have concluded that it is in the interests of all parties to evaluate the alternatives to these traditional alliances.

Accordingly, CIPCO has retained Goldman Sachs to assist in the exploration

of a variety of prospective alternatives.

These evaluations will focus on a target of significant reduction in the wholesale cost of power supply to our current members. We believe that this process will enable CIPCO to divert its management energy and financial resources from our traditional role of a wholesale generator to develop the business acumen of a direct retail marketer. With this new expertise of retail marketer, we will be positioned to explore new market segments and new locales involving the delivery of power and related services directly to consumers.

While these changes will constitute a major cultural shift for CIPCO, we believe such change to be comfortably within the skill set of management and the core competencies of the company. We also are convinced that competitive change mandates such strategies if we are to continue our mission and live up to our responsibilities.

We recognize that in some quarters our strategic actions will produce anxiety and that our actions will be greeted with skepticism and doubt. On the other hand, we are convinced we cannot fail to act decisively and aggressively if we are to continue our role in serving the energy needs of the member cooperative systems.

We believe this strategy will circumvent the understandable obstacles to decision making being experienced by the majority of our members without prejudicing their ability to benefit from the changes inherent to deregulation.

While it is premature to predict the outcome of these various deliberations and evaluation of alternative business formats, it is a possibility that CIPCO may exit some of the traditional components of the wholesale generation business during 1997 while concurrently initiating new activities dealing directly with the end consumer.



*Left:
Executive Vice
President and CEO
Dennis Mirdock*



*Below:
President
Dale R. Newman*

The board of directors has taken significant steps to prepare for the future. Their continuing diligence is critical in making CIPCO a flexible, responsive and competitive utility. We will not sit back and watch change take place around us. We are closely following the industry as it evolves, and are adjusting our focus to increase our competitiveness by reducing costs while improving services. We expect CIPCO to be your utility of choice. CIPCO will find stability through leadership and growth that will allow us to stand together as we move ahead into the 21st century.

Dennis L. Mirdock

Dale R. Newman

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Dennis Murdock*



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Dennis L. Murdock

Dale R. Newman



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

FINANCIAL PROFILE

The board of directors and staff are committed to keeping CIPCO in a strong financial position as we enter the new era of competition. Net margins of \$6.5 million in 1996 capped over a decade of positive operating results for CIPCO.

*Long-term
investments have
created substantial
increases in value
for CIPCO
during the last
two years.*

OPERATING RESULTS

Energy sales in 1996 totaled \$86.5 million after marketing rebates. The revenue per kilowatt-hour averaged 48.63 mills/kWh as compared to 50.87 mills/kWh in 1995.

Purchased power increased \$1.9 million during 1996 for a number of reasons. The DAEC was off line for scheduled refueling in the late fall of 1996 while other generation units were down. Demand was larger than anticipated during this time and additional power had to be purchased at a higher rate. Total operating expenses for 1996 were nearly the same as 1995.

During 1996, \$1.8 million in patronage was allocated to the members, and the 1975 patronage dividend of nearly \$.3 million was returned to the members. At the end of 1996, member equity totaled \$56.9 million, resulting in a 19.7 percent total equity capitalization as compared to 15.6 percent ratio in 1995.

ASSETS

Consolidated total assets are nearly \$333 million, an increase of \$15.7 million from a year ago. Net electric plant increased by \$7.5 million primarily due to construction of IPSCO facilities which are nearly complete. Non-utility property decreased by \$2.6 million. During the past two years CIPCO decided that certain property held for future use would no longer be held, and

write-downs were made to carry the sites at estimated fair market value. The Missouri River site was sold during 1996.

Long-term investments have created substantial increases in value for CIPCO during the last two years. Investments increased by \$20.3 million during 1996 mainly as a result of writing certain stock holdings in the decommissioning funds and in CIECO to their market value at December 31, 1996. CIPCO also recognized accumulated earnings in the Iowa Capital Corporation investment during 1996.

Total current assets decreased by \$9 million as some of the temporary investments were moved to longer maturities to gain higher earnings.

RATES AND RATIOS

CIPCO's directors and staff remain committed to strategic planning in order to remain a competitive power supplier in today's increasingly 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 1996 was 1.42, compared to 1.15 for 1995. The Debt Service Coverage (DSC) was 1.39 for 1996 and 1.18 for 1995. 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 17.1 percent, up from 13.6 percent a year ago.

Equity to asset ratios for CIPCO's member RECs averaged 43 percent and equity as a percentage of capitalization averaged 46 percent for 1996. These ratios are slightly higher than the 1995 ratios.

CASH FLOW

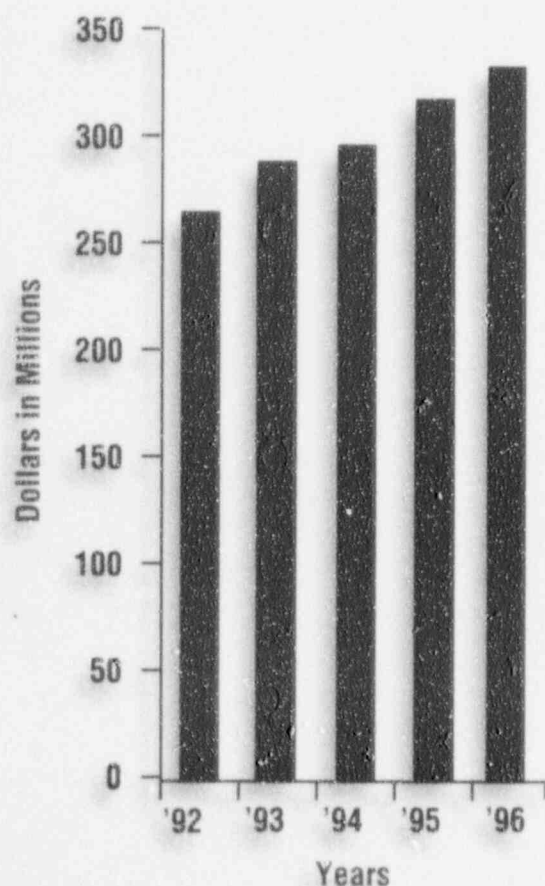
Net cash provided by operating activities was \$21.9 million, while the net cash used in investing activities totaled \$30.3 million. Investing activities consisted primarily of net electric utility plant purchases of \$19.4

million, purchases of other investments totaling approximately \$7 million, and purchases of nuclear fuel of \$4.1 million. Financing activities during 1996 used \$8 million. Principal payments on long-term debt were offset by additional borrowings of \$10.7 million. CIPCO repaid approximately \$1 million of pollution control bonds during 1996. In addition, CIPCO's new construction loan was released during 1996, and funds were borrowed from this loan. Ending cash and cash equivalents totaled \$25.3 million at December 31, 1996, a net decrease of \$9.2 million.

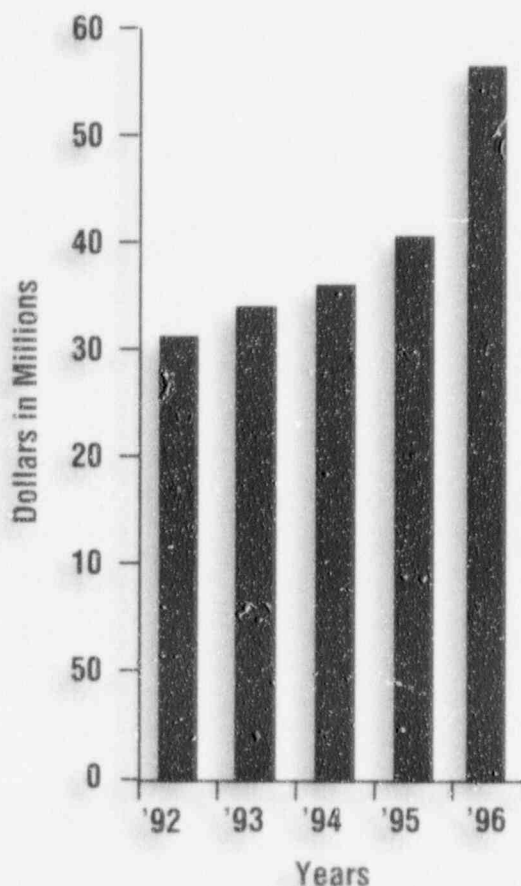


*James Fogt
Vice President of
Corporate Operations*

TOTAL ASSETS

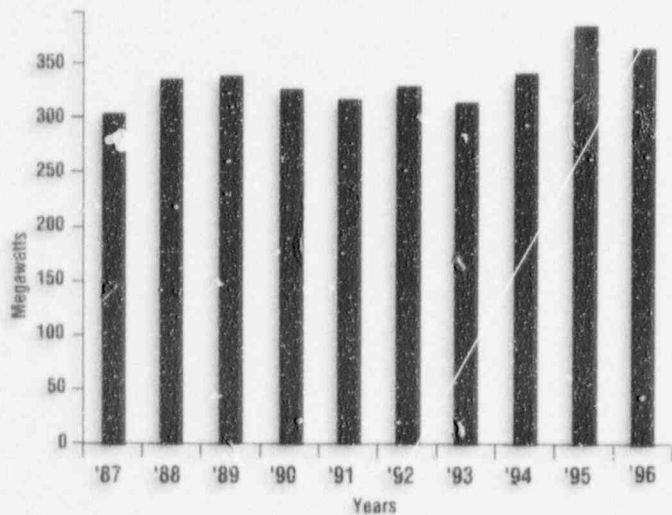


MEMBERS' EQUITY

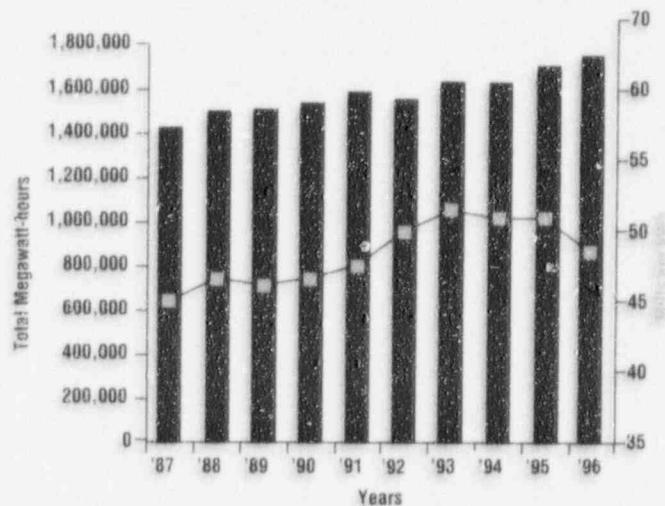




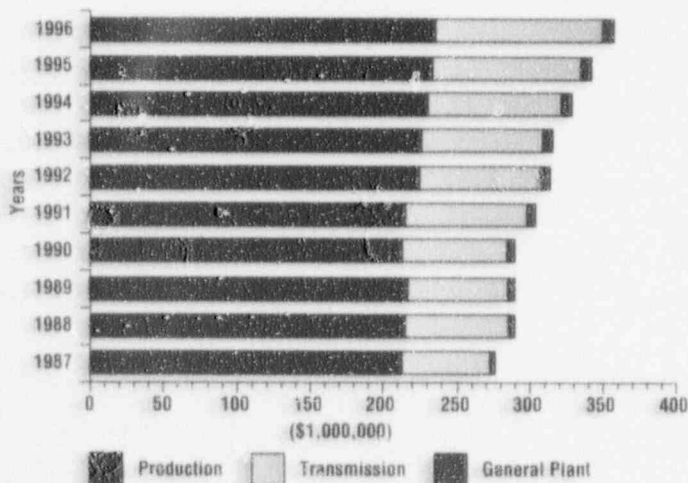
PEAK DEMAND



ENERGY SALES

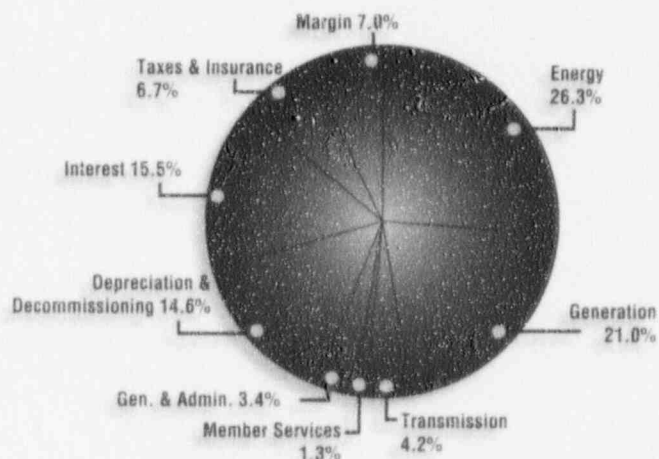


UTILITY PLANT INVESTMENT

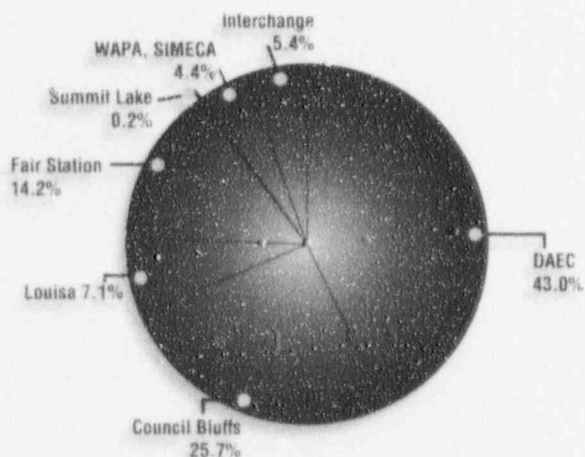


OPERATING EXPENSES

(As a percentage of revenue)



SOURCES OF ENERGY



The system recorded the

1996 peak demand in

November at 370 MW.

Kilowatt-hour sales were

1,779,024,913 in 1996.

Cost of energy to the

CIPCO Systems was

48.63 mills per

kilowatt-hour.



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

The Board of Directors
Central Iowa Power Cooperative

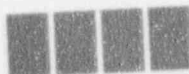
We have audited the accompanying consolidated balance sheets of Central Iowa Power Cooperative and subsidiary as of December 31, 1996 and 1995, and the related consolidated statements of revenue and expenses, members' equity, and cash flows for the years then ended. These consolidated financial statements 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, 1996 and 1995, 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 21, 1997



Member Firm of
Klynveld Peat Marwick Goerdeler



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

December 31, 1996 and 1995

| | 1996 | 1995 |
|--|----------------|-------------|
| Assets (Note 6) | | |
| Electric utility plant, at cost (Notes 2 and 9): | | |
| In service | \$ 358,281,962 | 341,705,868 |
| Less accumulated depreciation | 151,629,495 | 141,112,703 |
| | 206,652,467 | 200,593,165 |
| Construction work in progress | 10,360,835 | 8,395,669 |
| Nuclear fuel, at cost less accumulated amortization of \$57,502,201 in 1996 and \$52,894,319 in 1995 | 9,702,096 | 10,220,649 |
| Net electric utility plant | 226,715,398 | 219,209,483 |
| Non-utility property, at cost less accumulated depreciation of \$1,392,752 in 1996 and \$1,189,954 in 1995 (Note 3) | 5,131,609 | 7,743,804 |
| Investments and notes receivable: | | |
| Investments in associated organizations | 9,790,712 | 9,906,948 |
| Investments in other organizations | 4,720,939 | 1,950,000 |
| Investments-decommissioning trust fund (Note 4) | 9,803,053 | 7,659,562 |
| Other investments (Note 4) | 24,041,595 | 8,596,373 |
| Notes receivable from affiliate | 1,131,137 | 1,100,946 |
| Total investments and note receivable | 49,487,436 | 29,213,829 |
| Current assets: | | |
| Cash and cash equivalents: | | |
| Cash, general | 4,503,454 | 2,224,253 |
| Cash, construction | 121,633 | 64,604 |
| Cash equivalents | 20,722,918 | 32,248,793 |
| Accounts receivable, members | 8,025,694 | 7,752,950 |
| Other receivables | 414,963 | 910,150 |
| Fossil fuel, materials and supplies | 5,234,781 | 5,364,520 |
| Prepaid expenses | 442,276 | 469,152 |
| Interest receivable | 242,606 | 321,478 |
| Deferred charges | 2,579,380 | 1,934,387 |
| Total current assets | 42,287,705 | 51,290,287 |
| Deferred charges | 9,342,892 | 9,803,040 |
| | \$ 332,965,040 | 317,260,443 |
| Capitalization and Liabilities | | |
| Capitalization: | | |
| Members' equity: | | |
| Membership fees | \$ 1,600 | 1,700 |
| Patronage capital | 21,290,557 | 19,788,463 |
| Other equities (Note 5) | 35,577,972 | 23,492,231 |
| Total members' equity | 56,870,129 | 43,282,394 |
| Long-term debt, less current maturities (Note 6) | 231,480,716 | 235,124,252 |
| Total capitalization | 288,350,845 | 278,406,646 |
| Current liabilities: | | |
| Current maturities of long-term debt (Note 6) | 8,988,773 | 9,286,032 |
| Notes payable (Note 6) | 3,412,715 | - |
| Accounts payable | 4,894,203 | 4,871,993 |
| Accrued property taxes | 5,062,007 | 5,082,451 |
| Accrued interest | 13,680 | 2,455,235 |
| Other accrued expenses | 322,032 | 350,493 |
| Advances from members | 300,000 | 300,000 |
| Total current liabilities | 22,993,410 | 22,346,204 |
| Other liabilities: | | |
| Decommissioning reserves | 15,876,847 | 13,744,507 |
| Special assessment | 2,360,530 | 2,308,560 |
| Deferred taxes (Note 8) | 3,075,025 | - |
| Other | 308,383 | 454,526 |
| Total other liabilities | 21,620,785 | 16,507,593 |
| Commitments and contingent liabilities (Note 10) | | |
| | \$ 332,965,040 | 317,260,443 |

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES

Years Ended December 31, 1996 and 1995

| | 1996 | 1995 |
|---|---------------|------------|
| Operating revenue: | | |
| Electric: | | |
| Energy sales | \$ 86,505,541 | 86,517,725 |
| Rent of property | 3,552,648 | 679,740 |
| Miscellaneous | 396,762 | 515,298 |
| Other | 1,277,641 | 1,324,745 |
| Total operating revenue | 91,732,592 | 89,037,508 |
| Operating expenses: | | |
| Purchased power | 8,519,525 | 6,606,936 |
| Operations: | | |
| Production plant - fuel | 15,927,044 | 15,826,496 |
| Production plant - other | 13,462,185 | 16,244,449 |
| Transmission plant | 2,246,762 | 1,923,712 |
| Maintenance: | | |
| Production plant | 6,028,031 | 7,167,473 |
| Transmission plant | 1,631,367 | 1,718,793 |
| Member services | 1,214,659 | 1,420,792 |
| Administrative and general | 3,134,472 | 2,936,127 |
| Depreciation and amortization | 11,476,590 | 10,449,639 |
| Decommissioning provision | 2,132,340 | 1,824,330 |
| Property and other taxes and insurance | 6,228,222 | 6,670,838 |
| Other | 3,014,901 | 2,195,911 |
| Total operating expenses | 75,016,098 | 74,985,496 |
| Net operating margin | 16,716,494 | 14,052,012 |
| Other revenue: | | |
| Investment income | 4,010,261 | 2,818,438 |
| Patronage capital allocations | 171,520 | 182,029 |
| Miscellaneous income | 38,886 | 43,351 |
| Total other revenue | 4,220,667 | 3,043,818 |
| Net margin before interest charges | 20,937,161 | 17,095,830 |
| Interest charges: | | |
| Interest on long-term debt | 15,283,117 | 15,337,450 |
| Allowance for borrowed funds used during construction | (813,036) | (551,073) |
| Net interest charges | 14,470,081 | 14,786,377 |
| Net margin | \$ 6,467,080 | 2,309,453 |

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years Ended December 31, 1996 and 1995

| | Membership fees | Patronage capital | Other equities | Total members' equity |
|--|-----------------|-------------------|----------------|-----------------------|
| 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 |
| Net margin | - | - | 6,467,080 | 6,467,080 |
| Patronage capital paid | - | (297,906) | - | (297,906) |
| Patronage capital allocated | - | 1,800,000 | (1,800,000) | - |
| Unrealized gain in market value of investments, net of taxes | - | - | 7,418,661 | 7,418,661 |
| Return of membership fees | (100) | - | - | (100) |
| Balance at December 31, 1996 | \$ 1,600 | 21,290,557 | 35,577,972 | 56,870,129 |

See Accompanying Notes to Consolidated Financial Statements.



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 1996 and 1995

| | 1996 | 1995 |
|--|----------------------|-------------------|
| Cash flows from operating activities: | | |
| Net margin | \$ 6,467,080 | 2,309,453 |
| Adjustments to reconcile net margin to net cash provided by operating activities: | | |
| Depreciation and amortization of electric utility plant and non-utility property | 11,660,590 | 10,612,746 |
| Amortization of deferred charges | 1,794,233 | 4,050,241 |
| Amortization of nuclear fuel | 4,607,882 | 4,398,138 |
| Decommissioning provision | 2,132,340 | 1,824,330 |
| Write-down of non-utility property | 1,650,000 | 1,052,426 |
| Patronage capital allocations not received in cash | (171,420) | (181,939) |
| Amortization of repricing costs | 396,690 | 396,602 |
| Loss on disposal of investments - decommissioning trust fund and other investments | 335,677 | 128,348 |
| Gain on disposal of investments - decommissioning trust fund and other investments | (1,070,097) | (512,121) |
| Equity in net income of unconsolidated investees | (911,213) | - |
| Interest income reinvested | (540,682) | (591,866) |
| Decrease (increase) in receivables | 222,443 | (1,001,160) |
| Decrease in fossil fuel, materials and supplies | 129,739 | 1,615,573 |
| Decrease (increase) in prepayments and interest receivable | 105,748 | (195,877) |
| Refueling outage and other costs deferred | (2,375,768) | (4,591,230) |
| Decrease in accounts payable, accrued liabilities, and other liabilities | (2,614,393) | (144,307) |
| Other | 124,080 | (6,649) |
| Net cash provided by operating activities | 21,942,929 | 19,162,708 |
| Cash flows from investing activities: | | |
| Additions to electric utility plant, net | (19,444,434) | (17,129,102) |
| Additions to non-utility property, net | (86,924) | (112,671) |
| Proceeds from sale of Missouri River site | 736,285 | - |
| Purchases of investments-decommissioning trust fund and other investments | (18,219,209) | (8,929,746) |
| Sales of investments-decommissioning trust fund and other investments | 10,509,617 | 8,314,546 |
| Purchases of nuclear fuel | (4,089,329) | (595,798) |
| Purchase of investments in associated organizations and other organizations | (53,490) | (1,347,956) |
| Receipt of prior years' patronage capital allocation | 220,408 | 227,610 |
| Sales of investments in associated organizations and other organizations | 150,679 | 128,358 |
| Increase in note receivable from affiliate | (30,191) | (622,301) |
| Net cash used in investing activities | (30,306,588) | (20,067,060) |
| Cash flows from financing activities: | | |
| Principal payments on long-term debt | (10,230,640) | (7,567,343) |
| Principal payments on notes payable | (1,000,000) | - |
| Proceeds from notes payable borrowings | 4,412,715 | - |
| Proceeds from long-term borrowings | 6,289,845 | 21,858,804 |
| Patronage capital paid | (297,906) | (46,365) |
| Interest rate adjustment repricing costs | - | (19,734) |
| Net cash (used in) provided by financing activities | (825,986) | 14,225,362 |
| Net (decrease) increase in cash and cash equivalents | (9,189,645) | 13,321,010 |
| Cash and cash equivalents at beginning of year | 34,537,650 | 21,216,640 |
| Cash and cash equivalents at end of year | \$ 25,348,005 | 34,537,650 |
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest | \$ 17,176,582 | 15,193,850 |

See Accompanying Notes to Consolidated Financial Statements.

CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1996 and 1995

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 a lake and dam suitable for construction and operation of an electric generating plant and various equipment rented primarily to the Cooperative. CIECO also owns other assets held for sale and invests in joint ventures primarily with members of the Cooperative. 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 the Nuclear Regulatory Commission (NRC) minimum formula (which exceeds 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 \$80,000,000 in 1996 dollars. 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 NRC minimum formula 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, 1996, the Cooperative has \$9,803,053 in investments set aside for decommissioning in a legally restricted external trust fund and has also designated \$6,073,741 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 1996 and 1995 were approximately 6.4 percent and 6.7 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 Notes Receivable

Investments in associated organizations consist primarily of approximately \$5,500,000 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 an investment in a venture capital corporation (31 percent ownership) which is accounted for on the equity method.

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, which are carried at market value with net unrealized gains and losses reported in other equities until realized.

Other investments consist primarily of U.S. Treasury notes, other bonds and notes, common stock and money market funds, which are carried at market value with net unrealized gains and losses reported in other equities until realized.

Notes receivable from an affiliated joint venture bear interest at 8.30 percent to 8.65 percent, and are due in quarterly installments of \$29,600 including interest through May 2010.

(j) Pension Plan

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



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996 and 1995

(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 1997 has been reflected as a current asset on the balance sheet.

(l) Cash Equivalents

Cash equivalents of \$20,722,918 and \$32,248,793 at December 31, 1996 and 1995, respectively, consist primarily of CFC commercial paper and in 1995 included 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 maturities of three months or less at the date of purchase to be cash equivalents.

(m) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, *Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, on January 1, 1996. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(n) 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 Notes 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 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, 1996, the estimated fair value of investments-decommissioning trust fund and other investments were \$9,803,053 and \$24,041,595, respectively. The carrying value of the notes 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, 1996, the Company estimated the fair value of its long-term debt at \$240,000,000.

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.

(o) Reclassifications

Certain amounts for 1995 have been reclassified to conform to the 1996 presentation.

Note 2: Electric Utility Plant in Service

The major classes of electric utility plant in service at December 31, 1996 and 1995 and depreciation and amortization for 1996 and 1995 are as follows:

| | | Cost | | Depreciation and amortization | | Composite rates |
|-----------------------------------|----|-------------|-------------|-------------------------------|------------|-----------------|
| | | 1996 | 1995 | 1996 | 1995 | % |
| Intangible plant | \$ | 561,234 | 554,170 | 16,911 | 11,372 | 4.00 |
| Production plant | | 238,281,367 | 235,288,942 | 7,851,632 | 7,518,944 | 3.10-3.50 |
| Transmission plant | | 111,786,822 | 98,506,125 | 3,035,424 | 2,341,299 | 2.75 |
| Distribution plant | | 454,256 | 454,256 | 12,914 | 12,914 | 2.75 |
| General plant | | 7,198,283 | 6,902,375 | 503,085 | 482,117 | 3.00-16.00 |
| Electric utility plant in service | \$ | 358,281,962 | 341,705,868 | 11,419,966 | 10,366,646 | |

Note 3: Non-utility Property

At December 31, 1996, and 1995, non-utility property consists of the following:

| | 1996 | 1995 |
|---|--------------|-----------|
| Guthrie County site ⁽¹⁾ | \$ 1,687,809 | 2,687,809 |
| Missouri River site ⁽¹⁾ | - | 792,825 |
| Lake and dam - Guthrie County | 1,228,609 | 1,228,609 |
| Wilton operation center | 650,000 | 650,000 |
| Equipment | 1,471,913 | 1,445,001 |
| Golf course property and equipment ⁽²⁾ | 896,429 | 1,539,913 |
| Other property | 589,601 | 589,601 |
| | \$ 6,524,361 | 8,933,758 |

⁽¹⁾During 1996 and 1995, the Company decided that the Guthrie County site and the jointly owned Missouri River site, respectively, would no longer be held for future use. Write-downs of approximately \$1 million for each site were made to carry the sites at estimated fair market values. The Company sold the Missouri River site to its joint owners in 1996.

⁽²⁾During 1996, the Company also decided to sell its golf course property and equipment. A write-down of \$650,000 was made to carry the property and equipment at estimated fair market value.

Write downs of non-utility property are classified as other operating expenses in 1996 and 1995.

Note 4: Investments

At December 31, 1996 and 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 |
| 1996 | | | | | | | | |
| U.S. Treasury notes | \$ 1,437,390 | 38,439 | 4,916 | 1,470,913 | 4,680,474 | 232,026 | - | 4,912,500 |
| Other bonds and notes | 673,026 | 890 | 14,119 | 659,797 | 7,000,000 | - | - | 7,000,000 |
| Common stock | 5,319,852 | 1,748,487 | 34,050 | 7,034,289 | 3,568,764 | 8,222,165 | 23,411 | 11,767,518 |
| Money market funds and other | 638,054 | - | - | 638,054 | 361,577 | - | - | 361,577 |
| Totals | \$ 8,068,322 | 1,787,816 | 53,085 | 9,803,053 | 15,610,815 | 8,454,191 | 23,411 | 24,041,595 |
| 1995 | | | | | | | | |
| U.S. Treasury notes | \$ 1,020,973 | 95,817 | - | 1,116,790 | 4,028,096 | 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 | 2,573,131 | 47,079 | 44,023 | 2,576,187 |
| 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 | 8,262,012 | 378,384 | 44,023 | 8,596,373 |

Note 5: Other Equities

At December 31, 1996, and 1995, other equities consist of the following:

| | 1996 | 1995 |
|--|---------------|------------|
| Unallocated margin | \$ 6,467,080 | 2,309,453 |
| Reserve for contingent losses | 12,727,630 | 12,727,630 |
| Surplus | 7,411,085 | 6,901,632 |
| Unrealized gain in market value of investments, net of taxes of \$3,075,025 in 1996 | 7,090,486 | 1,553,516 |
| Share of equity method investee's unrealized gain in market value of investments, net of taxes | 1,881,691 | - |
| | \$ 35,577,972 | 23,492,231 |

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



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996 and 1995

Note 6: Long-term Debt

At December 31, 1996, and 1995, long-term debt consists of the following:

| | 1996 | 1995 |
|--|----------------|-------------|
| RUS, 2% and 5% mortgage notes payable, due in quarterly installments approximating \$1,510,000 adjusted quarterly, including interest, maturing through June 2019 | \$ 62,914,613 | 65,786,165 |
| Federal Financing Bank (FFB), 5.418% to 10.584% mortgage notes payable, guaranteed by the RUS, due in quarterly installments approximating \$3,440,000, including interest, maturing from December 2010 through 2029 | 143,292,208 | 141,919,965 |
| CFC, 7% mortgage notes payable, due in quarterly installments approximating \$293,000, including interest, maturing from March 2007 through May 2009 | 8,705,062 | 9,245,047 |
| CFC, variable interest rate (6.2% at December 31, 1996) notes payable, due in quarterly installments approximating \$273,000 adjusted quarterly, including interest, maturing through December 2027 | 13,958,488 | 14,135,766 |
| CFC, variable interest rate (6.2% at December 31, 1996), notes payable, due in quarterly installments approximating \$31,000, including interest, maturing through September 1999 | 325,038 | 425,086 |
| CFC, 6.125% mortgage notes payable, due in quarterly installments approximating \$56,800, including interest, maturing through March 2014 | 2,410,200 | 2,486,886 |
| CFC, 6.65% mortgage note payable, due in quarterly installments approximating \$16,700, including interest, maturing through December 2008 | 550,220 | 579,326 |
| Cooperative members, variable interest rate (6.35% at December 31, 1996) unsecured notes payable, due in quarterly installments approximating \$29,000, including interest, maturing on December 31, 2005 | 789,558 | 852,753 |
| City of Council Bluffs, Iowa 5.80% to 6.125% Pollution Control Revenue Bonds guaranteed by CFC, due in semi-annual installments ranging from \$60,000 to \$110,000, maturing on December 1, 2007 | 1,835,000 | 2,930,000 |
| Louisa County, Iowa, 3.90% - 4.65% Pollution Control Revenue Bonds guaranteed by CFC, due in annual installments ranging from \$240,000 to \$305,000, maturing on December 15, 2003 | 1,895,000 | 2,125,000 |
| Eastern Iowa Light and Power Cooperative, 2% - 5% capital lease obligations, due in quarterly installments, approximating \$80,000, including interest, adjusted quarterly thereafter through 2012 | 2,625,748 | 2,783,237 |
| 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 2015 | 1,100,945 | 1,124,670 |
| NCSC variable interest rate (6.2% at December 31, 1996) note payable, maturing on April 30, 2000 | 56,000 | - |
| Note payable, 9.5%, due in annual installments approximating \$6,500, including interest, maturing January 1999 | 11,409 | 16,383 |
| Total long-term debt | 240,469,489 | 244,410,284 |
| Less current maturities | 8,988,773 | 9,286,032 |
| Total long-term debt, less current maturities | \$ 231,480,716 | 235,124,252 |

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1996 are as follows: 1997, \$8,998,773; 1998, \$9,452,322; 1999, \$9,911,448; 2000, \$10,420,637; and 2001, \$10,906,408.

At December 31, 1996, the Cooperative had \$3,412,715 borrowed at 6.35% under a \$12,000,000 short-term line of credit agreement with CFC which expires in August, 1997, and approximately \$51,600,000 of unadvanced funds available for various construction projects.

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, 1996 and 1995 amounted to \$409,000 and \$406,000, 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, 1996, CIECO had net operating loss carryforwards of approximately \$2,400,000 for federal income tax purposes available to reduce future federal taxable income through 2012. 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. In 1996, CIECO established a deferred tax liability of \$3,075,025 against the unrealized gain in market value of investments recorded in other equities.

Note 9: Jointly owned Electric Utility Plant

The Cooperative's share of jointly owned generating facilities as of December 31, 1996, 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, 1996.

| Facility | Percentage Ownership | Capacity MW | Electric Utility Plant, Net |
|---------------------------|----------------------|-------------|-----------------------------|
| DAEC | 20.0% | 107 | \$76,947,849 |
| Council Bluffs Unit No. 3 | 11.5 | 78 | 23,405,053 |
| Louisa Generating Station | 4.6 | 32 | 18,534,460 |

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. Beginning in 1996, IPSCO Inc., pays a monthly customer charge to the Cooperative regardless of the amount of power used. 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.

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 1996. 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) sets a statutory limit of \$8.9 billion for liability to the public for a single nuclear power plant incident and requires nuclear power plant operators to provide financial protection for this amount. The DAEC provides this financial protection through a combination of \$200 million of insurance and \$8.7 billion of industry-wide retrospective payment plans. Under the industry-wide plans, 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 \$9.4 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 \$1.88 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. In the unlikely event of a catastrophic loss at DAEC, the amount of insurance available may not be adequate to cover property damage, decontamination and premature decommissioning. Uninsured losses, to the extent not recovered through rates, would be borne by the DAEC owners and could have a material adverse effect on the Company's financial position and results of operations.



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

TEN YEAR FINANCIAL SUMMARY

Unaudited

| | 1996 | 1995 | 1994 |
|---|----------------|-------------|-------------|
| SUMMARY OF OPERATIONS | | | |
| Operating revenue | \$ 91,732,592 | 89,037,508 | 85,028,734 |
| Operating expenses and interest: | | | |
| Purchased power | 8,519,525 | 6,606,936 | 6,118,306 |
| Operations, maintenance and other | 42,310,290 | 45,076,834 | 41,564,483 |
| Member services | 1,214,659 | 1,420,792 | 1,082,301 |
| Administrative and general ⁽¹⁾ | 3,134,472 | 2,936,127 | 3,039,463 |
| Depreciation and amortization | 11,476,590 | 10,449,639 | 11,375,564 |
| Decommissioning provision | 2,132,340 | 1,824,330 | 1,594,812 |
| Property and other taxes and insurance | 6,228,222 | 6,670,838 | 7,182,612 |
| Net interest charges | 14,470,081 | 14,786,377 | 14,097,906 |
| Total operating expenses and interest | 89,486,179 | 89,771,873 | 86,055,477 |
| Margin (loss) before other revenue | 2,246,413 | (734,365) | (1,026,713) |
| Other revenue | 4,220,667 | 3,043,818 | 2,936,268 |
| Net margin | \$ 6,467,080 | 2,309,453 | 1,909,555 |
| ASSETS | | | |
| Electric utility plant | \$ 435,847,094 | 413,216,505 | 397,021,724 |
| Less accumulated depreciation and amortization | 209,131,696 | 194,007,022 | 180,772,357 |
| Net electric utility plant | 226,715,398 | 219,209,483 | 216,249,367 |
| Net non-utility property, investments, and notes receivable | 54,619,045 | 36,957,633 | 33,248,839 |
| Current assets | 42,287,705 | 51,290,287 | 37,169,726 |
| Deferred charges | 9,342,892 | 9,803,040 | 11,001,268 |
| Total assets | \$ 332,965,040 | 317,260,443 | 297,669,200 |
| CAPITALIZATION AND LIABILITIES | | | |
| Members' equity | \$ 56,870,129 | 43,282,394 | 39,465,790 |
| Long-term debt | 231,480,716 | 235,124,252 | 221,732,790 |
| Current liabilities | 22,993,410 | 22,346,204 | 21,758,749 |
| Decommissioning reserves | 15,876,847 | 13,744,507 | 11,920,177 |
| Special assessment and other liabilities | 5,743,938 | 2,763,086 | 2,791,694 |
| Total capitalization and liabilities | \$ 332,965,040 | 317,260,443 | 297,669,200 |

⁽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 1987 have not been reclassified on a comparative basis as it was not practical.

| 1993 | 1992 | 1991 ⁽¹⁾ | 1990 ⁽¹⁾ | 1989 ⁽¹⁾ | 1988 ⁽¹⁾ | 1987 ⁽¹⁾ |
|-------------|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 85,785,058 | 82,376,927 | 80,491,877 | 75,817,988 | 72,561,582 | 71,479,289 | 68,716,915 |
| 9,492,228 | 6,238,944 | 5,093,377 | 6,994,000 | 3,271,280 | 1,911,799 | 4,511,217 |
| 36,156,917 | 36,718,806 | 37,160,245 | 32,720,503 | 33,383,176 | 34,725,741 | 31,144,655 |
| 1,086,483 | 728,473 | 691,385 | 549,161 | 412,649 | 572,934 | 375,616 |
| 3,795,594 | 4,404,458 | 3,629,407 | 3,221,043 | 2,853,246 | 1,964,679 | 1,782,692 |
| 10,799,746 | 10,205,712 | 9,398,207 | 10,788,846 | 9,400,390 | 9,377,277 | 8,910,470 |
| 1,770,725 | 1,204,770 | 1,009,870 | 1,725,699 | 1,001,790 | 1,028,832 | 929,960 |
| 7,044,412 | 7,055,071 | 7,374,852 | 6,715,566 | 6,469,109 | 6,112,232 | 5,784,505 |
| 15,061,130 | 15,482,054 | 15,453,492 | 15,237,629 | 15,283,640 | 14,830,577 | 15,323,888 |
| 85,207,235 | 82,038,288 | 79,810,835 | 77,952,447 | 72,075,280 | 70,524,071 | 68,763,003 |
| 577,823 | 338,639 | 681,042 | (2,134,459) | 486,302 | 955,218 | (46,088) |
| 1,887,856 | 2,000,743 | 2,090,006 | 4,098,528 | 2,093,041 | 1,744,943 | 1,713,438 |
| 2,465,679 | 2,339,382 | 2,771,048 | 1,964,069 | 2,579,343 | 2,700,161 | 1,667,350 |
| 384,457,411 | 371,882,103 | 361,894,125 | 348,703,621 | 351,945,766 | 339,859,546 | 315,296,237 |
| 168,641,832 | 156,930,198 | 145,171,769 | 133,099,805 | 137,980,323 | 127,792,910 | 117,308,959 |
| 215,815,579 | 214,951,905 | 216,722,356 | 215,603,816 | 213,965,443 | 212,066,636 | 197,987,278 |
| 30,267,892 | 28,352,028 | 23,142,382 | 18,448,543 | 16,234,231 | 16,301,544 | 14,016,197 |
| 36,184,307 | 18,749,147 | 19,900,184 | 23,024,779 | 22,686,762 | 19,703,998 | 29,492,565 |
| 6,442,156 | 5,197,969 | 3,986,348 | 5,012,018 | 7,537,685 | 9,343,599 | 10,335,627 |
| 288,709,934 | 267,251,049 | 263,751,270 | 262,089,156 | 260,424,121 | 257,420,777 | 251,831,667 |
| 37,745,673 | 35,279,994 | 33,418,329 | 30,707,281 | 28,743,212 | 26,163,869 | 23,495,994 |
| 215,429,551 | 202,507,475 | 204,381,424 | 209,197,377 | 213,767,922 | 212,957,991 | 213,794,778 |
| 22,728,477 | 18,411,229 | 18,601,647 | 15,904,498 | 13,358,686 | 14,746,407 | 12,017,216 |
| 10,325,365 | 8,554,640 | 7,349,870 | 6,280,000 | 4,554,301 | 3,552,510 | 2,523,679 |
| 2,480,868 | 2,497,711 | - | - | - | - | - |
| 288,709,934 | 267,251,049 | 263,751,270 | 262,089,156 | 260,424,121 | 257,420,777 | 251,831,667 |



CENTRAL IOWA POWER COOPERATIVE AND SUBSIDIARY

MEMBER COOPERATIVE OPERATING STATISTICS

Unaudited

| | Adams | Clarke | East-Central | Eastern | Farmers | Guthrie |
|---|-------------------|------------------|-------------------|-------------------|------------------|------------------|
| SUMMARY OF OPERATIONS: | | | | | | |
| Operating Revenue | \$ 2,486,487 | 5,624,456 | 11,607,120 | 29,477,084 | 7,578,285 | 5,866,555 |
| Purchased Power | 1,368,718 | 2,798,452 | 7,384,868 | 20,071,486 | 4,777,824 | 3,623,473 |
| Operating Expenses | 637,496 | 1,556,289 | 1,964,542 | 4,599,827 | 1,410,922 | 1,345,071 |
| Depreciation | 194,581 | 482,124 | 636,181 | 1,738,454 | 556,352 | 339,486 |
| Tax Expense | 59,476 | 189,231 | 249,400 | 537,755 | 169,492 | 129,220 |
| Interest Expense | 218,713 | 490,839 | 837,740 | 1,139,540 | 537,123 | 395,545 |
| Total Cost - Electric Service | 2,478,984 | 5,516,935 | 11,072,731 | 28,087,062 | 7,451,713 | 5,832,795 |
| Operating Margins | 7,503 | 107,521 | 534,389 | 1,390,022 | 126,572 | 33,760 |
| Non-operating Margins & Capital Credits | 104,085 | 212,500 | 369,244 | 688,796 | 210,370 | 320,318 |
| Patronage Capital or Margins | \$ 111,588 | 320,021 | 903,633 | 2,078,818 | 336,942 | 354,078 |

ASSETS AND OTHER DEBITS:

| | | | | | | |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Utility Plant | \$ 6,548,298 | 16,784,428 | 25,044,569 | 61,143,765 | 17,419,909 | 12,965,738 |
| Accumulated Depreciation & Amortization | 2,176,298 | 5,770,625 | 6,252,069 | 18,034,814 | 4,526,647 | 5,083,630 |
| Net Utility Plant | 4,372,000 | 11,013,803 | 18,792,500 | 43,108,951 | 12,893,262 | 7,882,108 |
| Property & Investments | 950,495 | 1,644,556 | 3,634,903 | 9,792,837 | 2,138,727 | 1,628,846 |
| Current & Accrued Assets | 1,334,375 | 2,317,244 | 3,428,641 | 7,496,563 | 2,700,588 | 3,933,768 |
| Deferred Debits | 20,165 | 18,787 | 3,963 | 38,707 | 53,647 | - |
| Total Assets & Other Debits | \$ 6,677,035 | 14,994,390 | 25,860,007 | 60,437,058 | 17,786,224 | 13,444,722 |

LIABILITIES AND OTHER CREDITS:

| | | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Margins & Equities | \$ 2,231,907 | 4,820,524 | 11,986,645 | 31,240,805 | 6,757,314 | 5,264,831 |
| Long Term Debt | 4,174,974 | 9,066,608 | 13,160,384 | 25,705,741 | 9,619,101 | 6,887,760 |
| Current & Accrued Liabilities | 252,968 | 1,011,765 | 667,822 | 3,149,764 | 1,076,455 | 740,502 |
| Deferred Credits & Misc. Oper. | 17,186 | 95,493 | 45,156 | 340,748 | 333,354 | 551,629 |
| Total Liabilities & Other Credits | \$ 6,677,035 | 14,994,390 | 25,860,007 | 60,437,058 | 17,786,224 | 13,444,722 |

OTHER STATISTICS:

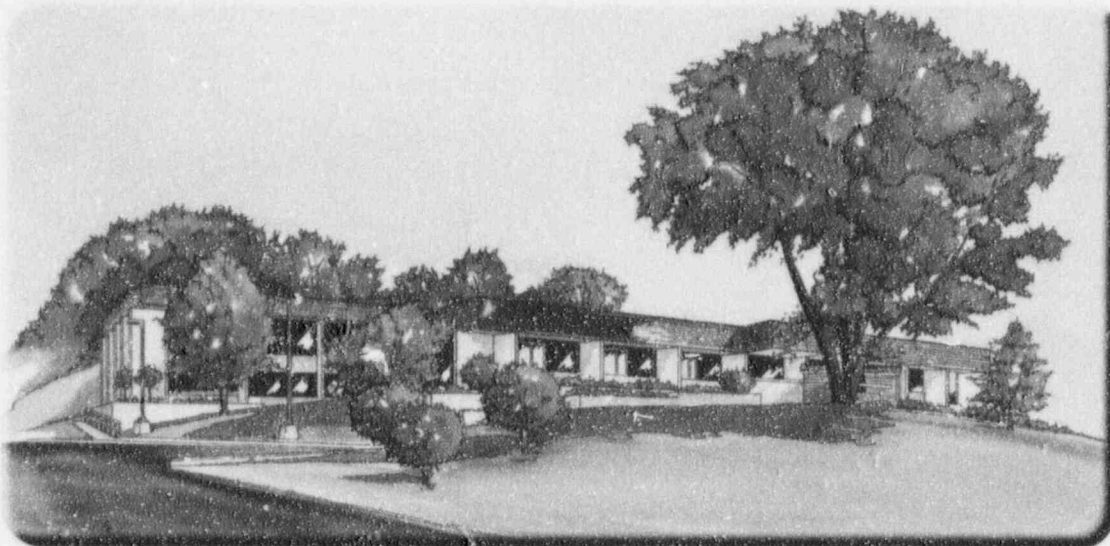
| | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| Miles of Line | 779 | 1,752 | 2,176 | 4,481 | 1,770 | 1,385 |
| Consumers Served | 1,661 | 4,314 | 7,211 | 20,168 | 4,795 | 4,673 |
| Consumers Per Mile | 2.1 | 2.5 | 3.3 | 4.5 | 2.7 | 3.4 |
| kWhs sold per consumer | 15,933 | 12,121 | 19,919 | 16,740 | 21,249 | 15,521 |
| MWh Sales | 26,464 | 52,288 | 143,637 | 337,605 | 101,889 | 72,529 |
| Annual Revenue per Consumer | \$1,497 | \$1,304 | \$1,610 | \$1,462 | \$1,580 | \$1,255 |
| Plant Investment per Consumer | \$3,942 | \$3,891 | \$3,473 | \$3,032 | \$3,633 | \$2,775 |

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

| Linn | Maquoketa | Marshall | Midland* | Nyman | Pella | Rideta | T. I. P. | Total |
|------------|------------|------------|------------|-----------|-----------|------------|------------|-------------|
| 16,168,573 | 16,787,384 | 5,817,840 | 15,089,537 | 2,067,972 | 3,381,497 | 3,386,903 | 8,531,103 | 133,870,796 |
| 10,428,935 | 11,921,822 | 3,720,370 | 9,553,081 | 1,121,676 | 2,137,897 | 1,735,720 | 5,195,778 | 85,840,100 |
| 3,082,583 | 2,929,365 | 1,200,466 | 2,472,982 | 594,036 | 732,670 | 748,101 | 1,836,326 | 25,110,676 |
| 771,072 | 811,481 | 350,730 | 1,047,683 | 115,915 | 162,216 | 278,422 | 414,637 | 7,899,334 |
| 341,976 | 322,068 | 127,687 | 347,706 | 52,565 | 64,201 | 108,326 | 162,778 | 2,861,881 |
| 1,316,646 | 690,097 | 342,295 | 958,545 | 125,328 | 185,715 | 283,088 | 415,067 | 7,936,281 |
| 15,941,212 | 16,674,833 | 5,741,548 | 14,379,997 | 2,009,520 | 3,282,699 | 3,153,657 | 8,024,586 | 129,648,272 |
| 227,361 | 112,551 | 76,292 | 709,540 | 58,452 | 98,798 | 233,246 | 506,517 | 4,222,524 |
| 339,707 | 403,394 | 218,528 | 360,732 | 47,610 | 123,090 | 102,452 | 303,597 | 3,804,423 |
| 567,068 | 515,945 | 294,820 | 1,070,272 | 106,062 | 221,888 | 335,698 | 810,114 | 8,026,947 |
| 31,643,932 | 29,846,975 | 12,052,199 | 34,898,346 | 4,494,916 | 6,613,420 | 10,183,385 | 16,312,981 | 285,952,861 |
| 6,866,759 | 11,855,945 | 4,557,318 | 9,591,368 | 1,522,249 | 2,317,802 | 3,148,907 | 4,940,095 | 86,644,526 |
| 24,777,173 | 17,991,030 | 7,494,881 | 25,306,978 | 2,972,667 | 4,295,618 | 7,034,478 | 11,372,886 | 199,308,335 |
| 3,682,731 | 5,290,012 | 1,772,869 | 3,660,610 | 576,098 | 1,234,558 | 850,561 | 2,238,612 | 39,096,415 |
| 2,855,772 | 6,522,019 | 2,398,275 | 3,513,186 | 494,122 | 989,108 | 1,563,993 | 3,518,044 | 43,065,698 |
| 90,118 | 50,801 | 31,031 | 57,432 | 2,103 | 21,028 | - | 4,992 | 392,774 |
| 31,405,794 | 29,853,862 | 11,697,056 | 32,538,206 | 4,044,990 | 6,540,312 | 9,449,032 | 17,134,534 | 281,863,222 |
| 9,200,641 | 15,259,501 | 4,718,459 | 12,821,298 | 1,522,584 | 3,191,354 | 2,901,989 | 9,169,410 | 121,087,262 |
| 18,239,879 | 12,798,518 | 6,391,450 | 17,829,179 | 2,227,330 | 2,928,428 | 6,069,402 | 6,553,309 | 141,652,063 |
| 3,925,206 | 1,627,672 | 578,420 | 1,784,148 | 290,145 | 299,490 | 354,963 | 864,010 | 16,623,330 |
| 40,068 | 168,171 | 8,727 | 103,581 | 4,931 | 121,040 | 122,678 | 547,805 | 2,500,567 |
| 31,405,794 | 29,853,862 | 11,697,056 | 32,538,206 | 4,044,990 | 6,540,312 | 9,449,032 | 17,134,534 | 281,863,222 |
| 1,772 | 3,018 | 1,079 | 2,792 | 589 | 602 | 1,215 | 1,728 | 25,138 |
| 13,189 | 12,214 | 4,193 | 8,324 | 1,430 | 2,165 | 2,591 | 5,453 | 92,381 |
| 7.4 | 4.0 | 3.9 | 3.0 | 2.4 | 3.6 | 2.1 | 3.2 | 3.7 |
| 14,332 | 17,916 | 16,429 | 24,207 | 15,597 | 18,428 | 13,580 | 18,209 | 17,421 |
| 189,028 | 218,828 | 68,888 | 201,497 | 22,304 | 39,897 | 35,185 | 99,291 | 1,609,331 |
| \$1,226 | \$1,374 | \$1,388 | \$1,813 | \$1,446 | \$1,562 | \$1,307 | \$1,564 | \$1,449 |
| \$2,399 | \$2,444 | \$2,874 | \$4,192 | \$3,143 | \$3,055 | \$3,930 | \$2,992 | \$3,095 |



CIPCO SYSTEMS



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

