2021 ANNUAL REPORT

CIPCO
Central Iowa Power Cooperative
A Touchstone Energy® Cooperative

75th ANNIVERSARY

MISSION

Our mission is to provide Member-owners with wholesale power and services in a safe, reliable and cost-effective manner.

Wapello Solar ribbon cutting, April 2021

While 2020 was a year of firsts for CIPCO — a worldwide pandemic and a devastating derecho — 2021 was a year of normalizing operations, creating new ways to work, and propelling ambitious projects to completion.

CIPCO reaffirmed its commitment to moving forward with operations and strategies that ensure safe, reliable, and cost-effective power for our 13 Member-owners.

In 2021 we witnessed multiple new generation sources come online to support the power needs of CIPCO's member system and the communities in which our distribution cooperatives serve. The $85 million Summit Lake repowering project, CIPCO's largest project in our 75-year history, surpassed a significant milestone in January with a triumphant "first fire" of the new natural gas-fired reciprocating engines. As CIPCO continued testing electrical systems, tuned emissions control equipment, and completed the final performance test, full commercial operation of the new engines was achieved on April 15. The repowered facility is capable of producing 110 MW of power to assist during peak energy use.

Adding to CIPCO's generation mix through Power Purchase Agreements (PPA) were the commercial operation achievements of both Wapello Solar, LLC, a 100 MW_{AC} solar facility owned by Clēnera, and Independence Wind Energy, LLC, a 54 MW facility in Delaware County owned by BHE Renewables. Both projects enhance the diversity of CIPCO's generation mix as a source of low-cost power and replace energy and capacity lost from the early retirement of Duane Arnold Energy Center.

Diversity in generation is critical to CIPCO's ability to serve our Member-owners. In June, I had the honor and privilege of providing testimony before the U.S. Senate Agriculture Committee's Rural Development and Energy Subcommittee on the potential for growth and opportunities of renewable energy in Iowa. My testimony focused on the need to incorporate renewables into an "all-of-the-above" energy strategy that supports diversity in generation while maintaining CIPCO's reliability standards. An excerpt of my introductory comments is below.

"As electric cooperatives across the nation work to meet the energy needs of their local communities, the ongoing flexibility of our systems to calibrate power supply with unique local factors is critical to our business. It is important for policymakers to understand that one size does not fit all. Diversity of power-generating sources helps electric cooperatives maintain affordable rates and reliable supply in the face of a rapidly changing energy market. As the policy discussion continues about the adoption of renewable energy resources and growth opportunities for rural economies, these conversations must recognize the need for a transition to be accomplished over a realistic time period while accounting for regional differences in energy resource availability."

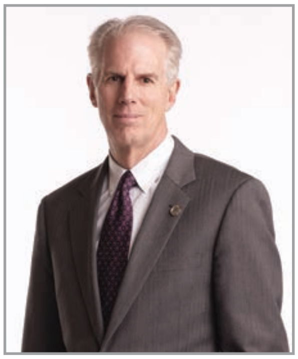
Weather tested our cooperative not once but twice in 2021, at opposite ends of the year. In February, a large portion of the country experienced a major snow and ice event, followed by record cold temps that debilitated utilities across the country. This polar vortex launched energy demand and associated prices on an unimaginable upward trajectory as a number of generation assets were rendered unusable in parts of the country not accustomed to such cold weather. While CIPCO and its Member-owners largely escaped power outages, we felt the financial impacts from it throughout the year. Toward the end of the year, Iowa experienced the first-ever recorded derecho in the month of December that brought tornadoes with it as well. This rare event caused significant damage to 69 kV and 161 kV lines and structures across CIPCO's service territory.

On the heels of Wapello Solar's launch in March, CIPCO and Clēnera announced plans for a new 100 MW_{AC}

PPA, Coggon Solar, LLC, in northern Linn County. The announcement drew resistance from local residents who made a public push to retain the solar site's 640 acres of land for agriculture use. CIPCO staff worked diligently alongside Clēnera to move the project forward, ultimately receiving approval by the Linn County Board of Supervisors in January 2022. We expect future wind and solar projects to continue drawing criticism for the foreseeable future, encouraging us to approach such projects conscientiously and thoughtfully.

Along with celebrating successful new generation and dealing with the harsh realities of Mother Nature, CIPCO completed a Cost-of-Service Study which will lead to a new rate design for our Member-owners. While the polar vortex placed a significant financial burden on CIPCO, we are proud to have delivered another year of competitive rates. Good news on the financial front included both Standard & Poor's and Fitch Ratings maintaining our 'A' ratings and returning patronage to our Member-owners that resulted in more than $120 million paid back since CIPCO's inception.

Finally, as CIPCO honors its 75th anniversary and continues to celebrate successes and overcome challenges, I'm privileged to be a part of the cooperative family. I'm proud of our team and honored to work with our Member-owners to provide safe, reliable, and cost-effective power now and into the future.



BILL CHERRIER
Executive Vice President & CEO

DAN BURNS
Vice President
Utility Operations

KENDRA GRAVES
Vice President
Portfolio Strategy & Planning

PAUL HOFMAN
Vice President
Information Technology

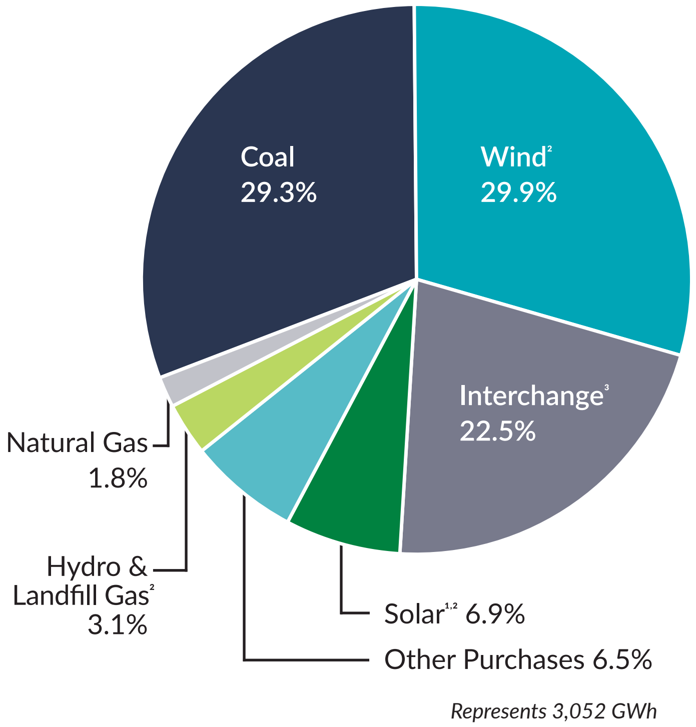
KERRY KOONCE
Vice President
Communications &
Corporate Relations

MEMOREA SCHRADER
Vice President
Human Resources

ANDREW ST. JOHN
Vice President
Chief Financial Officer

A BALANCED PORTFOLIO OF ENERGY SOURCES

As a 24/7 energy provider, CIPCO is able to meet its Member-owners' needs with a diverse fuel mix of coal, hydroelectric, wind, solar, landfill gas, natural gas and oil energy resources.



[1] CIPCO's purchase power agreement for Wapello Solar, LLC, locks in stable, long-term pricing and avoids the risks associated with rising fuel costs. Renewable energy credits (RECs) are not included in this agreement.

[2] CIPCO invests in the development of renewable energy projects in several ways. We operate six small-scale solar arrays near communities we serve and retain the renewable energy credits associated with each. We also contract with energy producers for the electricity output from wind, hydro, and methane gas from a landfill (converted into electricity). CIPCO cannot claim these resources as renewable within our supply portfolio as we have either sold to third parties or do not receive the renewable attributes associated with the electricity produced from these renewable power sources. By selling these attributes (RECs), we not only support other organizations in meeting their renewable energy goals, we also generate revenue to help us lower our wholesale power rate to our 12 Member-owner distribution cooperatives and 15 municipalities.

[3] A percentage of market purchases exist within the portfolio to meet additional supply needs not covered by existing contracts or CIPCO-produced generation. Weather volatility and unplanned operational events at power plants may also impact market purchases.

GENERATION FACILITIES

HYDROELECTRIC[2]

Western Area Power Administration

WIND[2]

Elk Wind Farm, Greeley

Hawkeye Wind Farm, Hawkeye

Heartland Divide Wind Energy Center, Audubon & Guthrie counties

HZ Iowa Wind, Story County

Independence Wind, Ryan

Pioneer Grove Wind Farm, Mechanicsville

Rippey Wind Farm, Grand Junction

NATURAL GAS & OIL

Summit Lake Generating Station, Creston

Municipal Member Diesels

LANDFILL GAS[2]

Linn County Solid Waste Agency, Marion

COAL

Louisa Generating Station, Muscatine

Walter Scott, Jr., Energy Centers #3 & #4, Council Bluffs

SOLAR[1,2]

Clarke Solar Farm, Osceola

Eastern Iowa Solar, Wilton

Marshalltown Gateway Centre Solar Array, Marshalltown

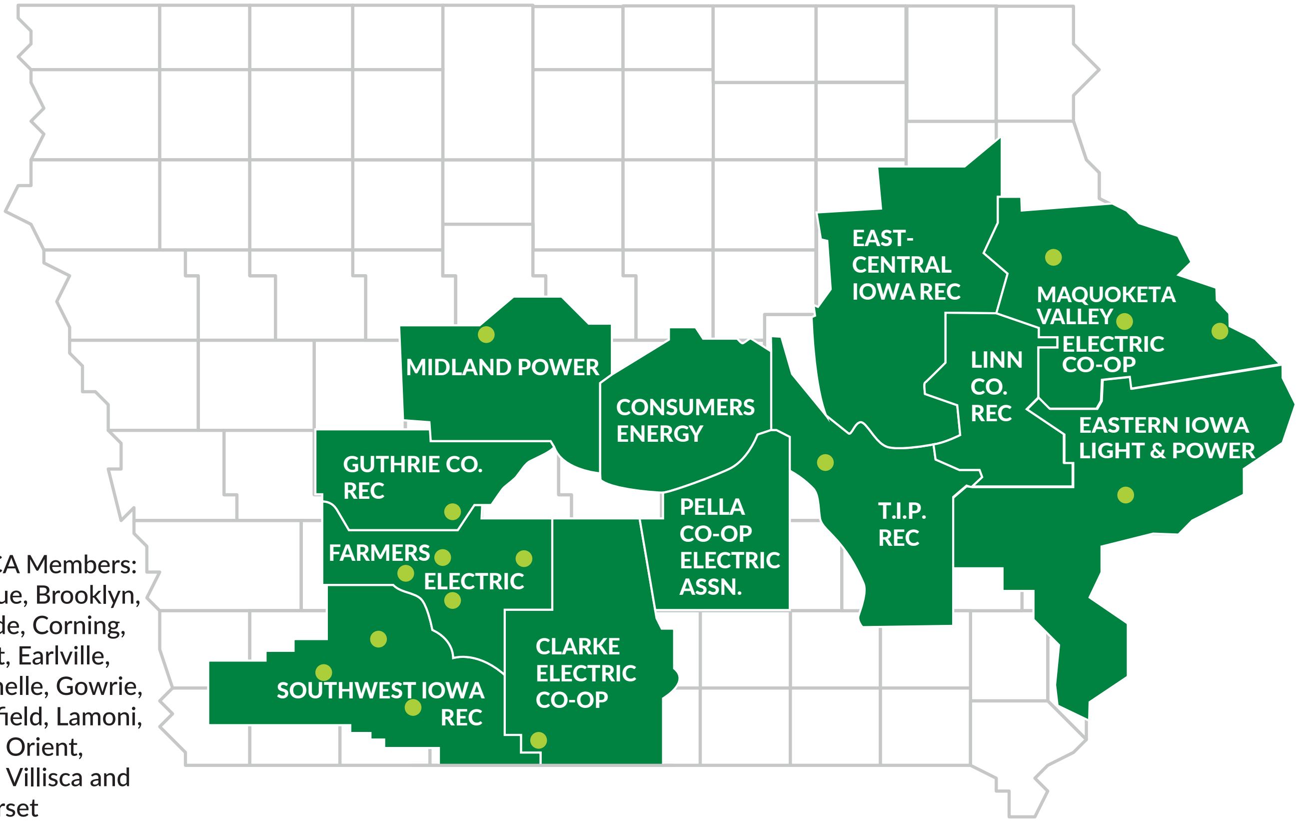
Southwest Solar, Corning

Urbana Solar Acres, Urbana

Wapello Solar, Louisa County

Zon Veld (Sun Field), Pella

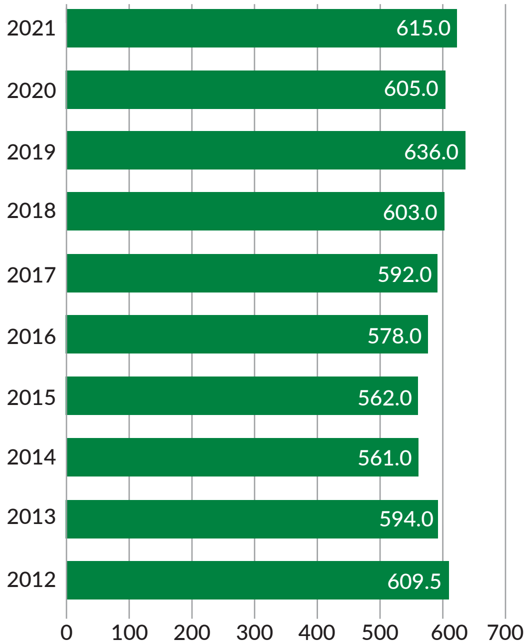
MEET OUR MEMBER-OWNERS



SIMECA Members: Bellevue, Brooklyn, Cascade, Corning, Durant, Earlville, Fontanelle, Gowrie, Greenfield, Lamoni, Lenox, Orient, Stuart, Villisca and Winterset

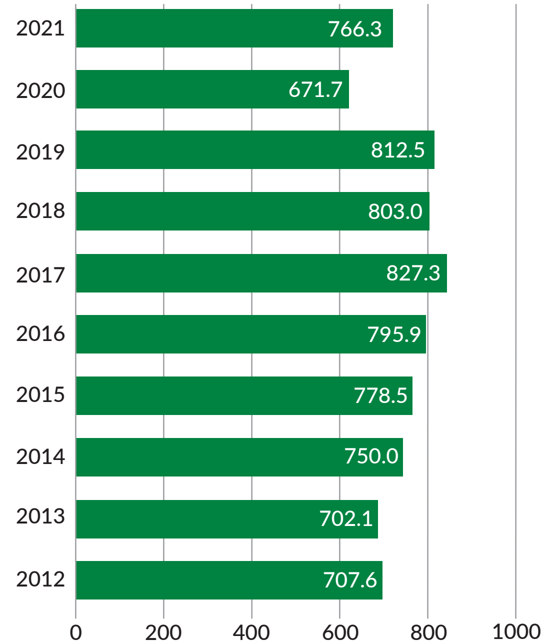
TOTAL SYSTEM PEAK DEMAND

in megawatts



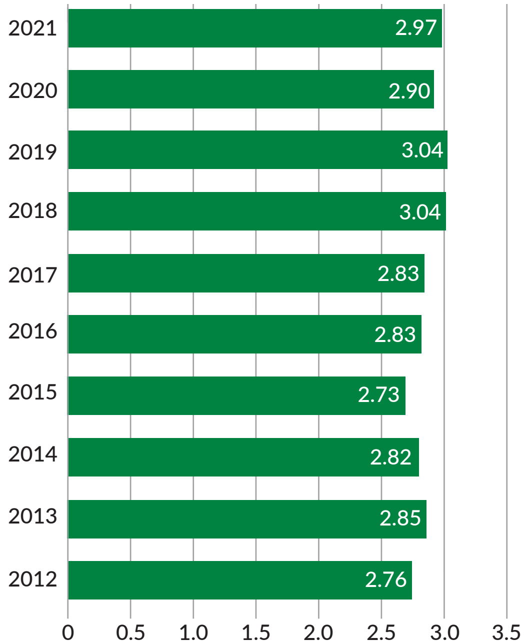
UTILITY PLANT INVESTMENT

$ in millions



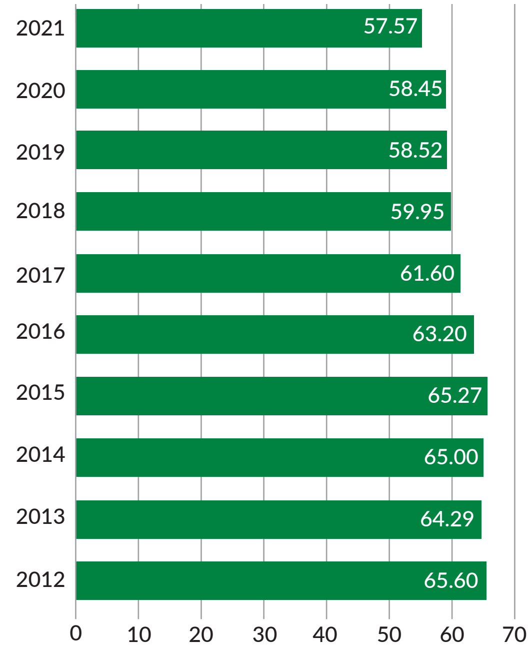
ENERGY SALES

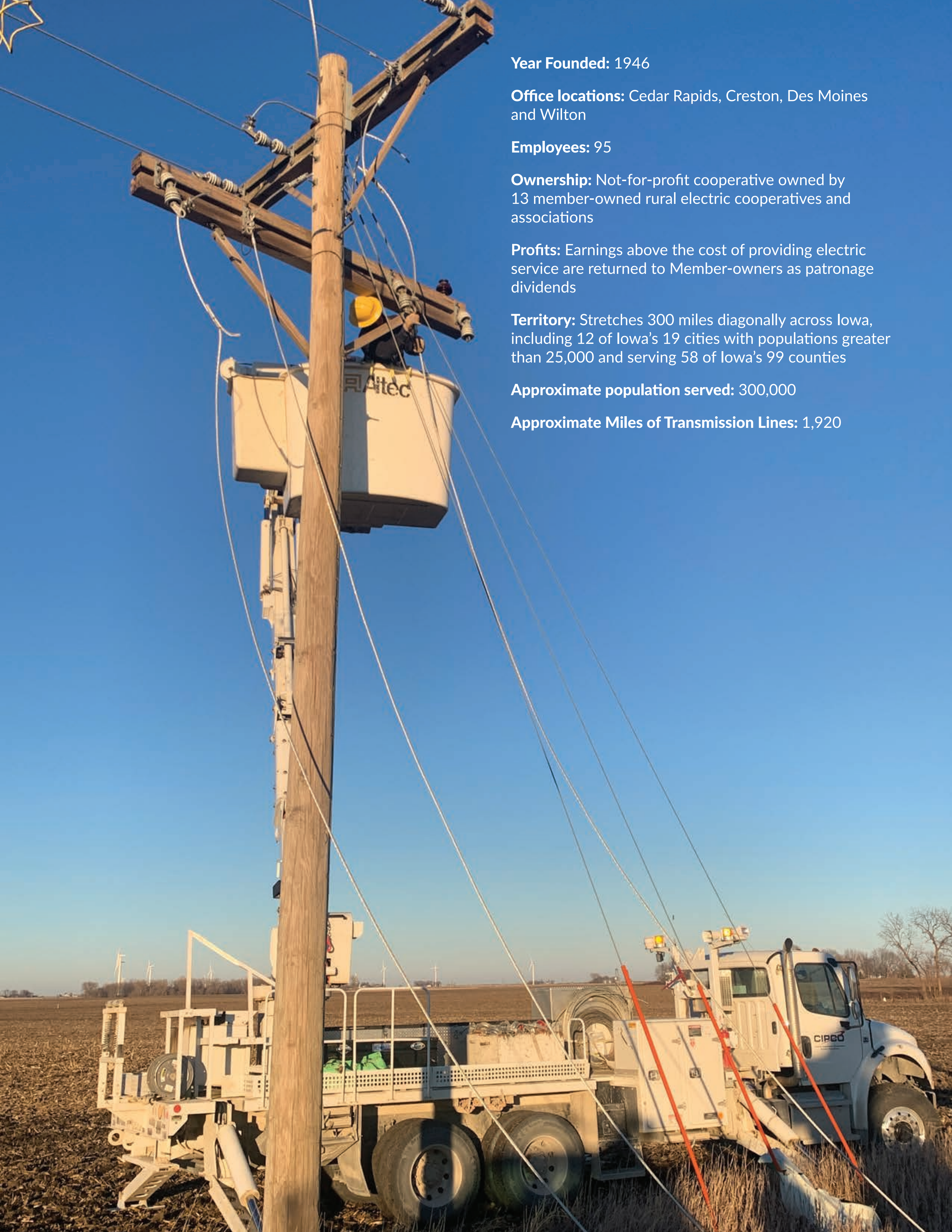
in millions MWhs



AVERAGE SYSTEM RATE

in mills/kWh





Year Founded: 1946

Office locations: Cedar Rapids, Creston, Des Moines and Wilton

Employees: 95

Ownership: Not-for-profit cooperative owned by 13 member-owned rural electric cooperatives and associations

Profits: Earnings above the cost of providing electric service are returned to Member-owners as patronage dividends

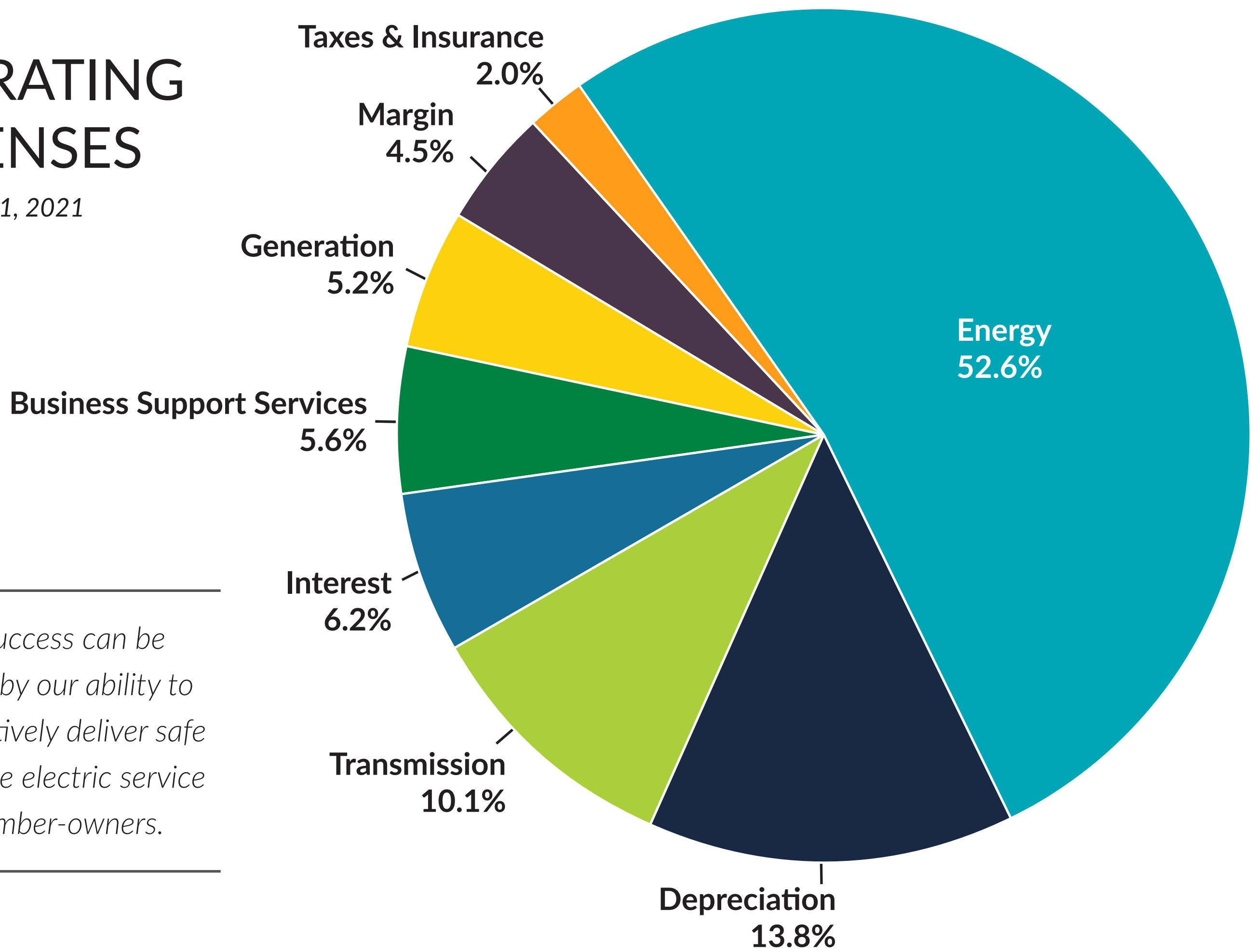
Territory: Stretches 300 miles diagonally across Iowa, including 12 of Iowa's 19 cities with populations greater than 25,000 and serving 58 of Iowa's 99 counties

Approximate population served: 300,000

Approximate Miles of Transmission Lines: 1,920

2021 OPERATING EXPENSES

As of Dec. 31, 2021



CIPCO's success can be measured by our ability to cost-effectively deliver safe and reliable electric service to our Member-owners.

2021 FINANCIAL RATIOS

Debt Service Coverage (DSC): 1.61

Margins for Interest (MFI): 1.78

Equity to Asset Ratio: 25.96%

Standard & Poor's - 'A' Issuer Credit Rating

Fitch Ratings - 'A' Issuer Credit Rating

2021 BY THE NUMBERS

Total Operating Revenue: $184,114,748

Net Margin: $8,951,661

Total Assets: $899,434,034

Amount Returned as Patronage Since Inception:
Over $120 million

Iowa Governor Kim Reynolds and Representative Ray Sorensen, center, visit Greenfield Municipal Utilities' new generation plant in October, 2021.

Pandemic

The COVID-19 pandemic that upended the world in 2020 continued to disrupt CIPCO's operations throughout 2021. With a vaccine available, life in Iowa slowly began to return to normal in the summer, only to be battered by a resurgence of variant cases in the fall and winter.

As businesses struggled with the decision to bring workers back in person, CIPCO implemented a new hybrid work model for office staff and heightened safety protocols for field staff. In many ways, the pandemic changed both the way we work, and in some cases, where we work.

February Polar Vortex

In February, we endured a record cold snap that left utility customers in Iowa wondering if they would wake up without electricity as they watched power outages unfold across the central part of the country. CIPCO and its Member-owners were, in large part, spared from controlled interruptions in service, or rolling-blackouts.

The Feb. 15 snow and ice storm across the southern plains hampered power transmission and was followed by days of well-below normal temperatures that sent energy demand and prices skyrocketing. Meanwhile, generation of all kinds across the southern region was crippled by the cold, having been built for a climate that typically experiences its energy peaks on hot summer days.

Since 2001, CIPCO has participated in the Midcontinent Independent System Operator (MISO) as part of the Alliant-West control area. When MISO established its energy market in 2005, CIPCO became a market participant relying on the MISO market to buy and sell energy as needed.

MISO is a Regional Transmission Operator (RTO) and controls the generation and transmission across the grid of its defined area. MISO monitors the grid and dispatches generation to serve real-time load. Being a part of MISO benefits CIPCO and its Member-owners financially and in terms of reliability.

The polar vortex not only caused energy demand to soar, but also severely limited and strained available generation throughout the central part of the country, including MISO. The bitter temperatures caused gas wells to freeze, which curtailed the availability of gas generation in some areas causing prices to skyrocket. These factors led to nearly five million outages due to damaged infrastructure related to the event.

While utilities within the MISO footprint did not wholly escape the forced outages implemented across MISO's Southern Region, the Northern Region, of which CIPCO is included, did not experience rolling load curtailment. On Feb. 16, CIPCO called on SIMECA members to generate for a few hours due to demand and high energy market prices; however, CIPCO's interruptible members were never called.

While energy demand soared and strained generation resources, the cost to serve the load drastically increased. Prices per megawatt-hour, typically at $20-30, jumped into the hundreds of dollars an hour and remained volatile during the week of the polar vortex. At the same time CIPCO saw higher revenue from the resources it sold into the market, offsetting some of the expenditure. Overall, the impacts of the weather event and subsequent challenges will be felt and analyzed throughout the industry for some time.

December Derecho

Iowa made history on Dec. 15, experiencing the first derecho occurring during that month in the United States. This day also set two additional records for Iowa – a record high December temperature and the most tornadoes in Iowa occurring in a single day. While a derecho is a rare weather occurrence with sustained straight-line winds, this was Iowa's second in less than 18 months. CIPCO's crews and contractors, 54 linemen in total, worked six long days to restore the damage and ensure Member-owners had power.

"I'm proud of our exceptional team and partners whose dedication to restoring power for our member systems is second to none," stated CIPCO Executive Vice President & CEO Bill Cherrier in response. "Time and again, they demonstrate the cooperative difference."

While system damage did not equal that of the August 2020 derecho, the one-day event caused significant damage to CIPCO's 69 kV and 161 kV systems, and downed 126 poles, including large H-structures across CIPCO's service territory. The northwest section of central Iowa was struck particularly hard by tornadoes, but many areas of Iowa weren't spared from destruction in the wake of the storm.

In the wake of the closure of Duane Arnold Energy Center in 2020, CIPCO has made significant strides in securing new investments to replace the nuclear generation source with options that keep CIPCO's portfolio diverse.

Repowering Summit Lake

CIPCO's $85 million repowering project at Summit Lake passed a significant milestone in January as the three new natural gas reciprocating engines completed a successful first fire. The new generators are reciprocating piston engines fueled by natural gas. Each turbocharged engine generator weighs approximately 400 tons and has 18 cylinders. Each generates 18.8 MW, which is equivalent to about 25,000 horsepower. Because the engines run at a very low and constant speed, they can start and stop quickly and be tuned for efficiency. The critical first fire step paved the way for commercial operation in mid-April when the new engines met all environmental and performance goals following rigorous testing, and were then immediately called into use. The repowered facility has the ability to produce 110 MW of power to assist during peak load periods, when wind speeds are low at wind farms, or the sun is not shining for solar.

As part of CIPCO's repowering project at Summit Lake, demolition of the 68-year-old steam plant also took place to make way for a new garage, one capable of housing all of the trucks and equipment indoors, protected from the weather. Finishing touches for the new structure were completed in early 2022.

The Summit Lake Expansion Project provides CIPCO Member-owners with a low-cost natural gas peaking option that will run when demand is high, particularly during the summer months. It adds flexibility to the system, thereby maintaining the stable prices CIPCO has offered for the last decade while allowing the organization to strategically purchase energy and capacity from new, cost-effective wind and solar resources.

Wapello Solar

On March 8, Clēnera announced that the $100MW_{AC}$ Wapello Solar, LLC, photovoltaic project in Louisa County reached commercial operation and began delivering energy to the grid. Located on nearly 800 acres, Wapello Solar features 318,000 bifacial solar panels fixed to single-axis trackers, optimized for performance. CIPCO is purchasing the demand and energy from Wapello Solar through an exclusive 25-year power purchase agreement (PPA). Despite beginning construction during the COVID-19 pandemic, Clēnera's contractor RES (Renewable Energy Systems) moved forward and entered commercial operation in early 2021.

To celebrate commercial operation, Clēnera, RES, and CIPCO marked the official opening of Wapello Solar, LLC, with a ribbon cutting ceremony in April. Representatives from each organization were present, as well as Iowa Lt. Governor Adam Gregg, Senator Joni Ernst, and Representative Mariannette Miller-Meeks, landowners, local officials, and energy industry leaders.

CIPCO, RES, and Clēnera each showed appreciation to the local community by donating to organizations in the Wapello area. CIPCO contributed $5,000 to Wapello Future Farmers of America (FFA), RES donated $5,000 to Iowa State University Agricultural Extension District of Louisa County; and Clēnera donated $7,500 to the Wapello High School STEM program.

Independence Wind

In late 2020, RPM Access, LLC, and CIPCO announced a 20-year power purchase agreement for the 54 MW Independence Wind Energy, LLC, project in Delaware County. The addition of this wind farm further enhances CIPCO's commitment to local energy production and efforts to replace generation lost in the wake of the DAEC closure. BHE Renewables acquired Independence Wind Energy, LLC, during development of the project and oversaw it to completion, reaching commercial operation in December 2021. The wind farm contains 18 GE 2.82 MW wind turbines and two GE 2.3 MW wind turbines.

Summit Lake First Fire, January 2021

Coggon Solar

In the spring, Clēnera and CIPCO announced a power purchase agreement for Coggon Solar, LLC, a 100 MW_{AC} solar facility in eastern Iowa. Coggon Solar is CIPCO's second solar PPA with Clēnera and comes on the heels of completing the Wapello Solar, LLC, project in southeast Iowa. Coggon Solar will be located in Linn County, approximately two miles from Coggon and 31 miles from Cedar Rapids. The project affirms CIPCO's commitment to building a responsible portfolio of diverse energy sources that serve our mission to provide cost-effective, reliable, and safe power.

As the energy landscape continues to change in Iowa and across the country, the development of Coggon Solar became a divisive issue in Linn County. Public meetings drew comments from those who supported solar in Eastern Iowa as well as those who advocated for preserving the use of farmland. After robust community discussion and adjustments to the initial project plan submitted by Clēnera, the Linn County Board of Supervisors formally agreed to the project, allowing construction to move forward.

Wapello Solar

Independence Wind

High-profile generation projects are often in the news, but projects essential to CIPCO's transmission operations are key components of CIPCO's mission. Each year, CIPCO completes a number of transmission and substation projects to ensure safe and reliable electric delivery across the system.

In 2021, CIPCO completed significant work on the Anita Junction and Johnson County substations. The Independence Wind substation was completed and energized in September to support the new 54 MW Independence Wind Farm. Every year, miles of transmission lines are added or replaced, supporting the entire system. Nearly 44 miles of transmission line work was completed during the year, including the Berkley REC line, the Highway 30 project, and the Tower Terrace Road move. CIPCO also completed work on Lenox Muni, the Howell REC, and the Independence Wind Taps.

CIPCO staff attended The Utility Expo in Louisville, Ky., at the end of September, 2021.

BOARD OF DIRECTORS

2021 was a year of leadership changes for CIPCO and its Member-owners. The CIPCO Board of Directors guide the organizational decision making and bring a wealth of knowledge. In 2021, Allen Albers who represented East-Central Iowa REC retired and was replaced by Gary McKenna. Additionally, Marcel Fett, who represented Guthrie County REC retired and was replaced by Steve Bireline. Changes also took place within the Member-owners' leadership as Bridget Itzen replaced retiring General Manager Jim Kidd at Consumers Energy, and Doug Stewart replaced CEO Jon Miles upon his retirement from Pella Cooperative Electric Association.

DUANE ARMSTEAD
Greenfield

STEVE BIRELINE
Adair

ARDEN GREINER
Colo

PAUL HEINEMAN
Ogden
President

KIRK HILAND
North Liberty

GARY KESTER
Burlingon

GENE MANTERNACH
Cascade
Secretary-Treasurer

GARY MCKENNA
Vinton

RANDY ROUSE
Allerton

CRAIG STALLMAN
Williamsburg

DALE WALKUP
Redding

DAN WESTPHAL
Bridgewater
Vice President

DUANE VER PLOEG
Pella
Asst. Secretary-Treasurer

SYSTEM MANAGERS

DAVID OPIE
General Manager
Clarke Electric
Cooperative

BRIDGET ITZEN
General Manager
Consumers Energy

THERESA FLOYD
CEO
East-Central Iowa REC

KIRK TREDE
CEO
Eastern Iowa Light
& Power

CHARLIE DUNN
EVP & CEO
Farmers Electric
Cooperative

COZY NELSEN
CEO
Guthrie County REC

TERRY SULLIVAN
CEO/General Manager
Linn County REC

JEREMY RICHERT
CEO & EVP
Maquoketa Valley
Electric Cooperative

BILL MCKIM
CEO
Midland Power
Cooperative

DOUG STEWART
CEO
Pella Cooperative
Electric Association

TIM LARSEN
Treasurer
SIMECA

PHIL KINSER
Manager/CEO
Southwest Iowa REC

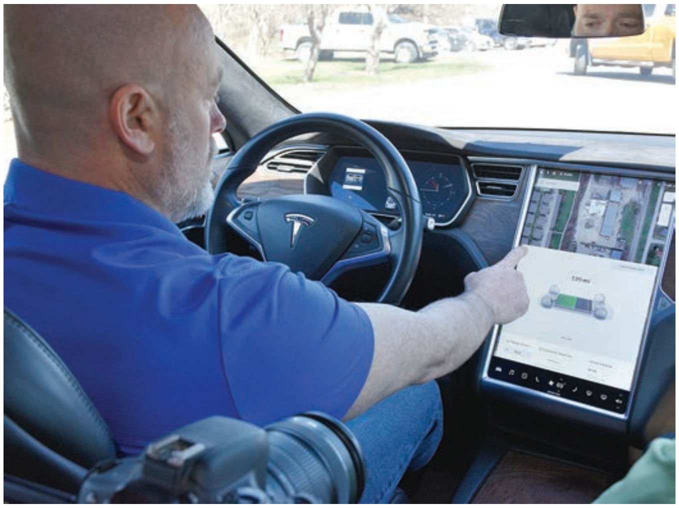
DEAN HULS
General Manager
T.I.P. REC

CIPCO's board of directors and staff work diligently to engage with state and federal officials, their staff, and policy organizations. This collaboration ensures issues critical to rural electric cooperatives are successfully heard and acted upon.

Just like in 2020, CIPCO's engagement activities looked very different in 2021 due to continued pandemic impacts. The spring Washington, D.C., visit was replaced with virtual meetings. The Wapello Solar, LLC, ribbon cutting, as an outdoor event, marked the first occasion for in-person interaction with elected officials. Iowa Lt. Governor Adam Gregg, U.S. Senator Joni Ernst, and U.S. Representative Mariannette Miller-Meeks demonstrated their support for Iowa's energy landscape by attending. Later in the year, CIPCO participated in an in-person fly-in to Washington, D.C., meeting with Iowa's elected federal delegation to discuss emerging and ongoing issues affecting the electric industry and cooperatives.

From left, CIPCO Board Member Dan Westphal, CIPCO CEO Bill Cherrier, U.S. Representative Cindy Axne, Pella Cooperative Electric Association Board Member Bryce Arkema, CIPCO Board Member Gary Kester, and Iowa Association of Electric Cooperatives Executive Vice President & General Manager Chuck Soderberg during the IAEC Legislative Conference in May, 2021.

Percival Scientific



Test driving a Tesla while filming an episode of EV Rider in April, 2021

Economic Development

CIPCO and our Member-owners support the economic prosperity of Iowa's rural communities by attracting companies to the local areas we serve. We help power their growth through flexible, low-cost financing assistance. In addition, our investments in energy infrastructure create millions of dollars in financial capital to help power Iowa's economy.

Since the inception of CIPCO's economic development program, we have helped fund over $165.6 million in rural Iowa investment, creating or maintaining 1,380 jobs for rural Iowans. In 2021, the CIPCO revolving loan program supported:

- $360,000 to Knoxville Hospitals & Clinics Renovation Project, Knoxville
- $360,000 to Godspeed Equine Youth Program, Dallas Center

Rural Economic Development Loan & Grant (REDL&G) Program

- Percival Scientific, Inc. Building Expansion, Perry
- Naeve Family Beef, LLC, New Facility Construction, Comanche
- Edgewood Locker, Inc. Business and Facility Expansion, Edgewood

Rebate Program

CIPCO's marketing program supports efficient electric technologies that deliver energy savings and load growth across the system. Rebates in 2021 totaled $1,543,863 and delivered 7,186,607 kWh in savings. Rebates are an opportunity for CIPCO Member-owners to focus on energy savings for their members as well as encourage system load growth.

Overall, new water heater loads achieved a seven-year high in 2021 with 837 rebates processed systemwide, with the largest contributor in new construction. Installation of efficient electric heating built upon the momentum started in 2020, primarily Air-Source Heat Pumps.

As the transportation industry experiences an uptick in the sale and use of electric vehicles, CIPCO Member-owners rebated over 60 new installations of Level II EV chargers. And a rebate for inclusion of EV-ready wiring in new home construction further shows how CIPCO is supporting the growing EV market as contractors use EV-ready homes as an additional incentive. In general, 2021 CIPCO data aligns with national trends in the rising interest in beneficial electrification.

Corporate Giving

Co-ops like CIPCO take pride in demonstrating Cooperative Principle #7, Concern for Community, by building goodwill in Iowa's rural communities. While the world slowly recovers from a global pandemic, the need for support is greater than ever.

In 2021, CIPCO donated over $70,000 to local nonprofit organizations and educational programs. Our focus is on organizations and programs that benefit and support rural Iowa, including food banks, educational institutions, rural health care, fire departments, and more. In 2021, CIPCO made significant donations to the St. Luke's Foundation Rural Healthcare Grant Program, the Creston Food Bank Capital Campaign, Junior Achievement, Indian Creek Nature Center, FFA, childcare centers, and more.

After a year off, CIPCO's Annual Charity Outing returned on a hot day in July 2021. About 85 participants came out to support the athletes and mission of Special Olympics Iowa. The event raised $10,000 to help fulfill the organization's mission to provide a gateway to empowerment, confidence, acceptance and joy.

INTRODUCTION

For 75 years, Central Iowa Power Cooperative (CIPCO) has faithfully served its Member-owners with the promise of reliable, cost-effective power. And for the better part of those seven decades, CIPCO has faced and embraced both the challenges and the opportunities that come with fulfilling our promise.

In 1946, World War II was fresh in the minds of Americans as they welcomed home their servicemen and women. In the middle of the country, the rural electric cooperative movement was a young but growing industry. REC leaders had done what investor-owned utilities at the time would not: brought electricity to the farm to improve the quality of life for their neighbors. As electricity demand grew, these leaders came together to brainstorm innovative ideas for creating a new organization that would help them get the power they needed. The generation and transmission cooperative they designed would differentiate them even further from the investor-owned utilities and build their sense of pride, independence and community.

From the very beginning, CIPCO leaders have responsibly planned for long-term power use, looking years into the future in order to meet the needs of its Member-owners and the people "at the end of the line" who rely on all of us to power their lives.

On this, the 75th anniversary of the first CIPCO annual meeting, we want to take a moment to reflect on how far we've come, the milestones we've celebrated together, and the challenges we've conquered. Because therein lies, among the worn and faded pages of history, the story of who we are as an organization.

Whether you're talking about people, places or organizations, 75 years is a good reason to celebrate.

Thank you for being part of our story!

EARLY HISTORY

Rural electric cooperative leaders understood the power of bringing electricity to the farm and found a way to meet the rising demand of their co-op members in a new kind of partnership.

In 1946, the post-war boom in manufacturing and technology was apparent in larger cities and metropolitan areas across the country. In many ways, life was flourishing as the ravages of war and the Great Depression settled into the past. But in central Iowa, farmers continued to struggle compared to their city-dwelling neighbors. Farm families, too, wanted modern new appliances in the kitchen, electric equipment in the barn and radios in the living room just like they'd seen in the big city. There were almost no bounds regarding what conveniences electricity could provide to a hardworking farm family.

But with progress also came growing pains. As rural electric cooperatives steadily brought more families onto their lines, the increase in demand for electricity put greater stress on their ability to deliver. They needed more generation and a reliable way to get power from the source to the end of the line.

At this time, eight distribution rural electric cooperatives in central Iowa were buying most of their power from Iowa Electric Light and Power, an investor-owned utility that had its own problems when it came to meeting increasing demands for electricity. Iowa Electric did not have enough generating capacity to meet its own needs, much less the growing needs of the RECs.

Three of the eight REC managers — Edgar Beach, Maquoketa Valley REC; Ivan Trottnow, Benton County Electric Cooperative Association; and R.D. Palmer, Linn County REC — recognized the growing problem and often discussed ways their cooperatives could band together to convince Iowa Electric to expand its generating supply. In their search for guidance, they reached out for help from the Rural Electrification Administration by scheduling a meeting to request a loan be made to Iowa Electric to build new generation in a partnership venture.

REA Administrator Claude Wickard balked at the suggestion, and instead advised the cooperatives to consider building their own generation and transmission facilities. Additionally,

Wickard

In 1961, CIPCO moved into its first headquarters building on the east edge of Marion.

under law, the REA could not make a loan to Iowa Electric because the company's mortgage at that time exceeded 60% of its market value.

The REC managers left Washington, D.C., discouraged but determined to find a solution to allow their co-ops to reduce expenses by partnering with Iowa Electric while also accessing REA loan funds to build new generation. The co-op managers and their boards of directors responded by creating Central Iowa Power Cooperative as a generation and transmission (G&T) cooperative that would serve all eight member co-ops. CIPCO would secure REA loans for generation and transmission projects, then turn over operation of the facilities to Iowa Electric.

Distrust among different utility factions opposed the plan. Some disliked the idea of co-ops owning generation. Others were against the concept of co-ops combining operations so closely with a private utility. However, through the creation of CIPCO and its partnership with Iowa Electric, the co-ops found an innovative way to realize both of their goals: serving members' growing needs and keeping costs as low as possible.

Seventy-five years later, CIPCO and its Member-owner cooperatives celebrate the creation of a G&T that has reliably provided power to the people they serve while offering programs and support to improve local communities.

1951
1st Full Year of Operations

MW Capacity: 40

MWH Sales: 103

Revenues: $1.2 million

Assets: $10.25 million

Miles of Line: 337

Member RECs: 8

Iowans served: 30,000

General Mgr.: Ashley Knight

Board President: John B. Cousin, Maquoketa Valley REC

Number of employees: 2

Representatives from Benton County Electric Cooperative Association, Buchanan County REC, Greene County REC, Guthrie County REC, Linn County REC, Maquoketa Valley REC, Marshall County REC and T.I.P. REC formed a plan to create CIPCO. The founding members filed articles of incorporation in October, 1946 and held their first meeting in Cedar Rapids.

The Operation and Transmission agreement between CIPCO and Iowa Electric was signed and went into effect on Nov. 26 that year. On Dec. 31, the REA approved the first loan of more than $4.7 million for the construction of 256 miles of transmission line and the installation of 20 MW of generating capacity.

But growth was quick. Before Prairie Creek Unit 1 could even begin producing power in 1950, CIPCO secured additional REA loans to build 20 MW more capacity, more lines and more substations for Prairie Creek Unit 2.

In 1968, CIPCO's membership significantly expanded when it merged with another G&T, Southwestern Federated Power Cooperative in Creston. This brought five new members into the CIPCO family: Nyman Electric Cooperative, Stanton; Farmers Electric Cooperative, Greenfield; Rideta Electric Cooperative, Mount Ayr; Clarke Electric Cooperative, Osceola; and Adams County Cooperative Electric, Corning.

As the first of its kind in the nation, the merger was mutually beneficial to both G&Ts — it helped Southwestern strengthen its financial operations and allowed CIPCO greater access low-cost, surplus hydropower from the Missouri River on the western edge of the state.

The merger created two divisions within CIPCO: the Cedar Rapids Division, which would continue its agreement with Iowa Electric, and the Creston Division which would maintain its own generating plant and transmission lines.

In 1969, CIPCO accepted another member, South Iowa Municipal Electric Cooperative Association (SIMECA), a consortium of eight municipal utilities at the time.

Looking to increase its access to more generation, Pella Cooperative Electric Association joined CIPCO in 1972. With this addition, CIPCO had

By acknowledging that together they are stronger, CIPCO Member-owners found innovative ways to share, interconnect, and strengthen their operations.

MEMBERS

Founding CIPCO Member-Owners, 1946

Benton Co. ECA	Buchanan Co. REC	Greene Co. REC	Guthrie Co. REC	Linn Co. REC	Maquoketa Valley REC	Marshall Co. REC	T.I.P. REC

14 directors on its board, including a representative of SIMECA.

In 1982, Eastern Iowa Light and Power in Wilton became a CIPCO member when it transferred its generation and transmission facilities to CIPCO, allowing CIPCO to share operating expenses and spread fixed costs among more RECs. As a result, CIPCO's system size and power sales grew by 20%.

Beginning in the 1990s, mergers and consolidations among CIPCO's Member-owners allowed co-ops to share services and reduce costs:

- **1992:** Greene County REC merged with Hardin County REC, Corn Belt Power Cooperative member, to create Midland Power Cooperative. In 2013, Humboldt County REC, also a member of Corn Belt Power, consolidated with Midland Power.
- **1995:** Benton County Electric Cooperative Association in Vinton, and Buchanan County REC in Independence consolidated into East-Central Iowa REC.
- **1998:** Nyman Electric Cooperative, Stanton, and Adams County Cooperative Electric Company, Corning, merged to create Southwest Iowa Service Cooperative.
- **2001:** Marshall County REC renamed Consumers Energy.
- **2004:** Rideta Electric Cooperative, Mount Ayr, joins SW Iowa Service Cooperative; renamed as SW Iowa REC.

As CIPCO celebrates 75 years of service, its board of directors remain true to their role to provide guidance, approve policies and advocate for CIPCO so that the organization may continue meeting the needs of its Member-owners in a responsible manner.

Pictured, opposite: Directors representing CIPCO's original eight member cooperatives in 1959. Seated, from left: Joe Storm, Guthrie Co. REC; Frank Frederick, Linn Co. REC; Norm Andrew, Greene Co. REC; and Leonard Tinnermeier, Marshall Co. REC. Back row from left: CIPCO GM W.E. Adams; G.J. Armstrong, Maquoketa Valley REC; Fay Wilcox, T.I.P. REC; Louis Albertson, Benton County Electric Cooperative Association; and Laurance Falcon, Buchanan Co. REC.

G&T RESOURCES

CIPCO's steadfast commitment to securing diverse generating sources coupled with a robust transmission system assures members have the power they need in ever-changing environments.

Throughout its 75-year history, CIPCO has never wavered from its fundamental promise to provide a safe, reliable and cost-effective power supply.

Integral to upholding this responsibility is CIPCO's board of directors who always looked for new solutions and technologies that could serve Member-owners dependably. CIPCO's first power source, Prairie Creek Station, a coal-fired plant near Cedar Rapids, came online in 1950. Built with funding from the REA, this 20 MW project quickly expanded to include a second 20 MW generating unit.

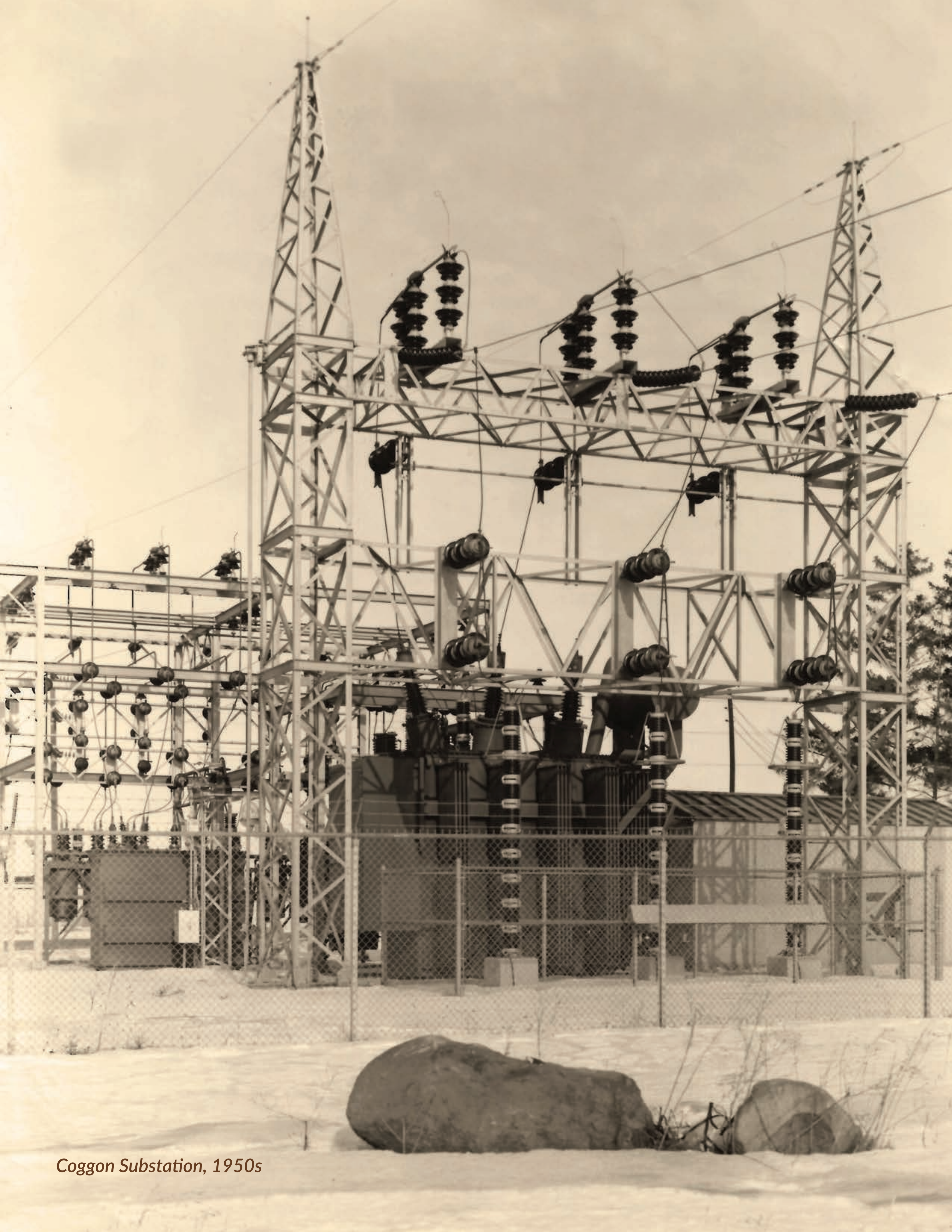
While the plant was being built, crews constructed additional transmission lines to connect Iowa Electric Light and Power's transmission system to Member-owners' substations.

As the transmission system grew and Prairie Creek came online, voices skeptical of the CIPCO/Iowa Electric partnership faded. By 1958, growing demand for electricity resulted in adding a third unit to Prairie Creek.

Acknowledging that CIPCO must generate and reliably transmit power to its Member-owners, the board of directors embraced new technology that would update and enhance CIPCO's system. The New-To-Replace-Old (NTRO) program to upgrade transmission and substations has assured that equipment remains proficient and reliability stays strong, reducing outage times for Member-owners.

In 1963, CIPCO received an allotment from the U.S. Bureau of Reclamation following construction of interconnection facilities that allowed the cooperative to access the Bureau's hydropower resources on the Missouri River. Not only would the interconnection facilities increase system capacity and result in substantial savings to CIPCO Member-owners, but they would also permit alternate feeds for power in the event of storm or line damage.

The merger with Southwestern Federated Power Cooperative in 1968 was the first time in the nation that two power cooperatives consolidated. It included Southwestern's Summit Lake Generating Station in Creston which added oil and natural gas generation to CIPCO's power supply, and further diversified the cooperative's fuel sources.



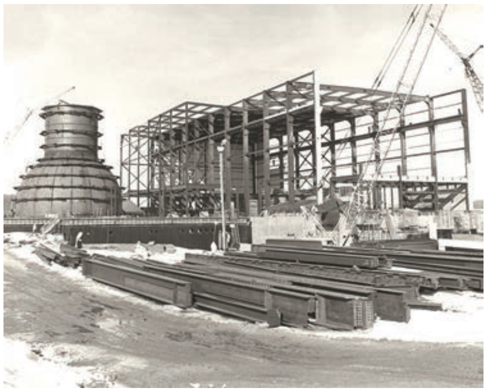
Coggon Substation, 1950s

CIPCO Generating Resources History

	Name	Year Added	Fuel Type
1950s	Prairie Creek Unit 1	1950	Coal
	Prairie Creek Unit 2	1951	Coal
	Prairie Creek Unit 3	1958	Coal
1960s	Prairie Creek Units 1, 2, 3		Coal
	U.S. Bureau of Reclamation	1963	Hydroelectric
	Summit Lake	1968	Diesel, Coal
1970s	Prairie Creek Units 1, 2, 3		Coal
	Summit Lake		Diesel, N. Gas, Coal, Waste Heat
	Western Area Power Admin. *created in 1977*		Hydroelectric
	SL Combustion Turbine 1	1973	Natural Gas
	SL Combustion Turbine 2	1975	Natural Gas
	Duane Arnold Energy Center	1974	Nuclear
	Council Bluffs Energy Center 3	1978	Coal
1980s	Prairie Creek Units 1, 2, 3 *Leased to IE/Alliant in 1985*		Coal
	Fair Station Units 1, 2 *Added via merger*		Coal
	Summit Lake		Diesel, N. Gas, Waste Heat
	Duane Arnold Energy Center		Nuclear
	Council Bluffs Energy Center 3		Coal
	Western Area Power Admin.		Hydroelectric
	Louisa Generating Station	1983	Coal
1990s	Fair Station Units 1, 2		Coal
	Summit Lake		Diesel, N. Gas, Waste Heat
	Duane Arnold Energy Center		Nuclear
	Council Bluffs Energy Center 3		Coal
	Western Area Power Admin.		Hydroelectric
	Louisa Generating Station		Coal
2000s	Fair Station Units 1, 2		Coal
	Summit Lake		Diesel, N. Gas, Waste Heat
	Duane Arnold Energy Center		Nuclear
	Walter Scott Jr. Energy Center 3 *(renamed 2007)*		Coal
	Western Area Power Admin.		Hydroelectric
	Louisa Generating Station		Coal
	Hancock Wind	2004	Wind
	Walter Scott Jr. Energy Center 4	2007	Coal
	Story Wind	2008	Wind

Prairie Creek, 1950s

Summit Lake, 1971



DAEC construction, 1971

Fair Station, 2000s

Signing the REA loan documents for Duane Arnold Energy Center, at the REA office in Washington, D.C., 1970. Among those pictured are REA Administrator David A. Hamil, seated center, CIPCO General Manager W. E. Adams (second from right); and future CIPCO General Manager Ed Williams (second from left).

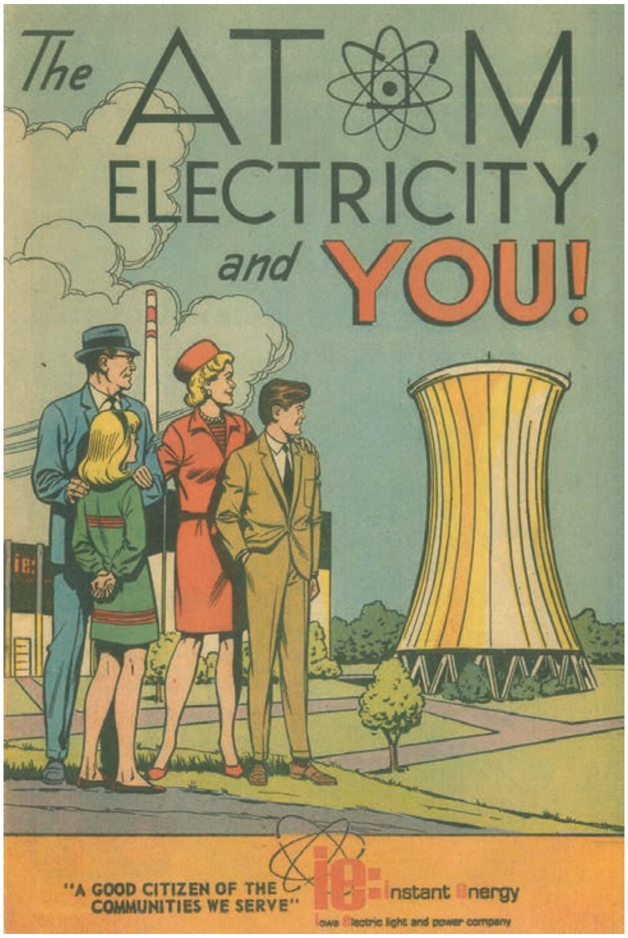
2010 to present

Name	Year Added	Fuel Type
Fair Station Units 1, 2 (closed 2013)		Coal
Summit Lake		Diesel, N. Gas, Waste Heat
Duane Arnold Energy Center (closed 2020)		Nuclear
Western Area Power Admin.		Hydroelectric
Louisa Generating Station		Coal
Walter Scott Jr. Energy Centers #3 & #4		Coal
Hancock Wind (contract ended 2020)		Wind
Story Wind (contract ended 2019)		Wind
Elk Wind	2011	Wind
Hawkeye Wind	2012	Wind
HZ Wind	2012	Wind
Rippey Wind	2012	Wind
Pioneer Grove Wind	2012	Wind
Cedar Rapids Linn Co. Solid Waste	2013	Landfill Gas
Urbana Solar Acres (ECI)	2016	Solar
Zon Veld (Pella)	2016	Solar
Eastern Iowa Solar	2016	Solar
Clarke Solar Farm	2016	Solar
Marshalltown Gateway Centre SolarArray (Consumers Energy)	2017	Solar
Southwest Solar Farm	2018	Solar
Heartland Divide Wind	2018	Wind
Wapello Solar	2021	Solar
Independence Wind	2021	Wind

Summit Lake Sees Changes

In 2018, CIPCO announced an $85 million investment to repower the natural gas-fired Summit Lake Generating Station in Creston. The project included demolition of the 70-year-old steam plant, installation of efficient natural gas-fired reciprocating engines, construction of a new operations and dispatch center, expanded garage and substation upgrades.

The new highly efficient generators came online in early 2021, with a total of 55 MW of capacity to bring the total site generating capability to 110 MW to assist during peak energy use.



The educational and promotional public campaigns prior to and following the construction of DAEC included public appearances, facility tours and materials for children.

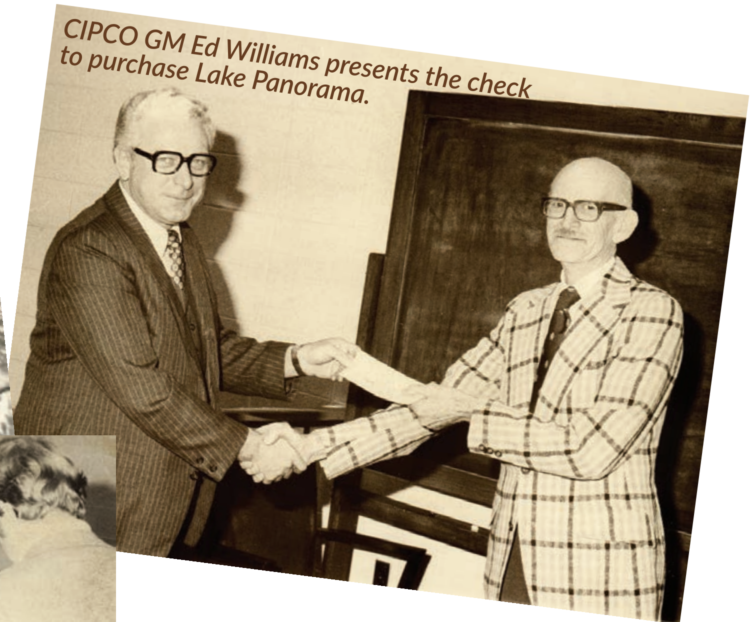
In 1968, CIPCO's board took another historic step when it signed a letter of intent to participate in Iowa's first nuclear power plant, the Duane Arnold Energy Center (DAEC) in Palo. The 540 MW plant would be jointly owned by CIPCO, Iowa Electric and Corn Belt Power Cooperative, and was the largest power plant in Iowa when it came online in 1974.

With DAEC construction underway, the 1972 Operation and Transmission Agreement between CIPCO and Iowa Electric refined the partnership and included joint planning for the increase in generation and dispatch.

During the six years it took to build DAEC, the writing was on the wall that even more generation would be needed in addition to what the nuclear plant could provide. In 1973, the CIPCO board approved participating in the construction of two generation plants. Council Bluffs Energy Center #3, a 700 MW coal-fired unit, was built in partnership with MidAmerican Energy, Corn Belt Power Cooperative, and other utilities and opened in 1978. There were also discussions about building a second nuclear plant in Iowa, but the idea was eventually shelved due to high costs, public opposition, and negative media attention to nuclear power.

In June 1978, CIPCO announced plans to build a $500 million coal-burning generation plant southeast of Panora along the Middle Raccoon River. CIPCO General Manager Ed Williams said construction of the 650 MW plant would begin in 1980 with commercial operations expected by 1985, with CIPCO retaining 150 MW of its capacity. At the same time, CIPCO announced it sold some of the lake's land area, including the marina, golf course, campground, water system, and roads to the Lake Panorama Association for $1.1 million, retaining ownership of Lake Panorama, an earthen dam, and the undeveloped land.

In the years following, the project was mired down in regulatory and environmental requirements. Before work could begin, CIPCO and its partners needed to attain approval from the Iowa State Commerce Commission for construction, and approximately 27 different federal, state and county permits. That, coupled with a downturn in sales and an increasing global emphasis on energy conservation as the 1980s approached, ultimately shuttered the project.



CIPCO GM Ed Williams presents the check to purchase Lake Panorama.

Above, CIPCO GM Ed Williams and employee Richard Anderson, center, answer questions about the Lake Panorama site. Right, an informational meeting for the Lake Panorama purchase.

Central Iowa Energy Cooperative (CIECO) was created as a CIPCO subsidiary to carry out the purchase of Lake Panorama in 1977, with the intent to build the Guthrie County Generating Unit, a 650 MW coal-fired unit. Mired in regulatory and environmental regulations, and a downturn in sales due to energy conservation efforts, the project was shuttered in the early 1980s.

When Eastern Iowa Light and Power Cooperative transferred its generation and transmission functions to CIPCO in 1982, CIPCO assumed the lease for Fair Station, a coal-fired plant in Muscatine County, and Eastern's ownership share of Council Bluff #3, and the 30 MW share of Louisa Generating Station, a coal-fired plant under construction.

In late 1986, SIMECA became a wholesale power member of CIPCO. In November 1987, SIMECA diesel units added 37.5 MW to CIPCO's portfolio.

The movement to deregulate the electric utility industry — making customer choice at the retail level an option — began in earnest in 1997. Legislation introduced at the state and federal levels proposed separation of electricity generation from transmission and distribution of electricity to promote retail competition regardless of location. In response, CIPCO expanded its analytic capabilities to estimate the need for incremental purchase of capacity, energy and associated transmission services to respond to a deregulated environment. Over the next several years, leaders of Iowa's electric co-ops studied how to serve members in a competitive situation, seeing the need to retain members while attracting new loads. A failed deregulation attempt in California escalated mistrust of this type of industry structure and legislators abandoned the issue. Iowa's electric cooperatives could once again benefit from the stability of service territory laws to serve their members.

The need for more power to meet demand drove CIPCO to expand once again. While CIPCO focused on owning generation, it also issued requests for proposals in 1998 to purchase power from other sources since building new generating assets required more time than was available to meet an urgent power demand.

DAEC increased its capacity by 45 MW in 2001; the same year a natural gas pipeline was installed at Summit Lake. In 2004, CIPCO executed its first wind energy contract with Alliant Energy for Hancock Wind, securing the associated renewable energy credits.

In 2007, CIPCO joined ACES Power Marketing. Membership allowed the cooperative access to supplemental peaking and baseload capacity, along with long-term renewable resources.

Walter Scott, Jr. Energy Center #4, previously named Council Bluffs Energy Center #4, a 790 MW supercritical coal plant adjacent to Walter Scott #3/Council Bluffs #3, came online in 2007. CIPCO's share in both plants is 20% or 296 MW.

Tax incentives for building wind turbines in the late 2000s encouraged investors throughout the state. With CIPCO's first wind contract for Hancock Wind already in place, CIPCO began to pursue additional power purchase agreements with other wind projects.

Alliant Energy, a merged entity that included Iowa Electric and doing business in Iowa as its subsidiary Interstate Power and Light, sold its 70% share of DAEC in 2005 to FPL Energy, which later became a subsidiary of NextEra Energy. Both CIPCO and Corn Belt Power retained their ownership shares. The Nuclear Regulatory Commission granted a 20-year license renewal for DAEC in 2009, allowing the nuclear plant to operate until 2034. In 2018, however, competition from declining market prices resulted in NextEra Energy announcing the early closure of DAEC. An August 2020 derecho that hit central Iowa with 140-mile-per-hour hurricane-like winds damaged the DAEC cooling towers beyond repair, closing the plant a few months earlier than scheduled.

Alliant Energy's sale of its transmission system to ITC Midwest in 2007 led CIPCO to enter into a transmission agreement with ITC Midwest, continuing its partnership and focus on increasing efficiencies and reducing losses.

In 2008, CIPCO explored a partnership with Alliant Energy and Corn Belt Power to build a 630 MW coal-fired unit addition to the Sutherland Generating Station near Marshalltown. However, high costs and considerable environmental requirements proved to be too cost-prohibitive and plans were abandoned. Walter Scott #4 became the last coal plant built in Iowa.

In 2013, CIPCO retired Fair Station due to market competition, aging equipment, and looming environmental control costs. That same year, a landfill-to-methane combustion engine generating 1.6 MW of power at the Linn County Solid Waste Agency was added to CIPCO's generating portfolio.

Further diversifying the generating fuel in its portfolio, CIPCO added its first utility-scale solar project in 2015, with a planned 5.5 MW of generation dispersed through its distribution cooperatives' territories.

In 2018, CIPCO announced plans to purchase the energy and capacity from Wapello Solar, LLC, in Louisa County, Iowa's largest solar project at the time with 100 MW. That same year, the CIPCO board approved an $85 million project to modernize the Summit Lake Generating Station.

Throughout its history, CIPCO has been a leader in securing a diverse power portfolio with a strong focus on energy efficiency to remain competitive regardless of the current energy market. The cooperative has minimized its exposure to market fluctuations by owning its generating units and establishing long-term contracts. Today, CIPCO remains committed to reducing its carbon footprint and adopting new technologies wherever economically efficient and beneficial to its Member-owners.

CIPCO retired the 52-year-old Fair Station coal generation plant near Montpelier in 2013 and it was demolished in 2014. The land it occupied is now greenspace.

CIPCO's first wind contract, Hancock Wind.

For 75 years, CIPCO has been a leader among G&Ts for developing creative solutions and strategies to fulfill its mission.

INNOVATION

Opposition came from both sides when CIPCO's first Operation and Transmission Agreement with Iowa Electric Light and Power went into effect. As electricity demand rose, the shortage of power and the funds needed to build new generation made utilities distrustful of each other.

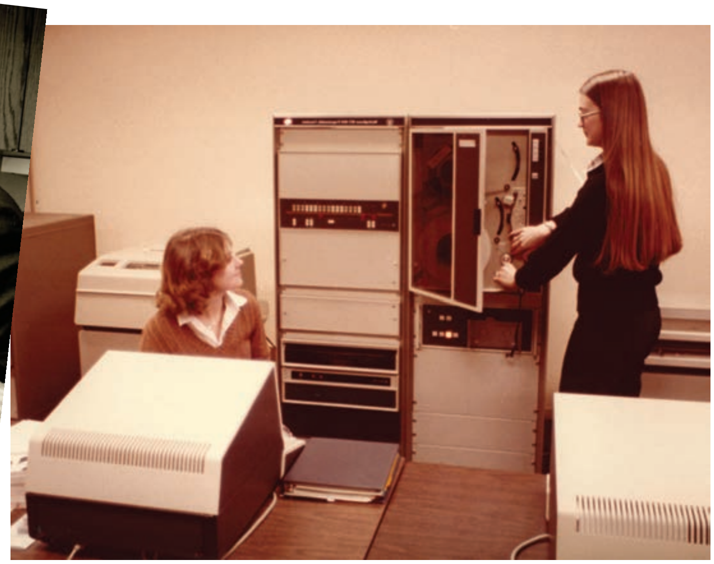
The Operation and Transmission Agreement has undergone many revisions since 1946 as power supply grew, regional networks expanded and joint planning opportunities developed. Throughout three quarters of a century, the innovative partnership serves CIPCO and its Member-owners well.

Integrating CIPCO's and Iowa Electric's systems required access to more detailed system load information. In 1971, CIPCO converted its demand meters to magnetic tape recorders. The new Westinghouse program provided member cooperatives with the most detailed load analysis of any utility in the country, recording system load data at any specific time — not just during peaks — and recording additional information such as power factors and voltage.

Always looking for new ways to provide service to members at the end of the line and encourage electric use, CIPCO created the REC Home Economics Program in the 1980s. Electric co-op members looked forward to pre-holiday cooking demonstrations that displayed innovations in electric appliances each year.

The farm crisis of the 1980s and accompanying dip in electric sales pushed co-ops to brainstorm new ways to sell more electricity. Higher sales for CIPCO would help spread fixed costs and keep rates low for its Member-owners. In response, CIPCO launched the "We Put You First" centralized marketing plan to promote ground source heat pumps and electric water heaters by offering rebates and lower electric heat rates. Creative marketing programs also helped deal with a power supply problem on the opposite end of the spectrum in the early 2000s — the need to slow demand to reduce the need for adding costly new power supply. Energy efficiency programs helped meet this objective by offering rebates for installing efficient appliances and lighting, insulation and other power-saving technologies.

Myrna Fisher (right) was CIPCO's first Home Economist from 1988-1991, each year traveling over 3,200 miles to CIPCO member cooperatives to demonstrate cooking with electric appliances. In 1992, Norma Vogt (left) became CIPCO's home economist. Vogt said she "electrized" the minds of consumers during her demonstrations of blenders, microwaves, slow cookers and more. The program ended in 1996.



In 1971, CIPCO took the lead among utilities in the country by converting to electric tape metering, using a programmable translator and developing the first computer database for gathering load information. The new system provided CIPCO with system load data at any given time with additional information on power factors, voltage, etc.

To further help increase electric sales through economic development, CIPCO partnered with other Iowa G&Ts to create the Iowa Area Development Group (IADG) in 1985. The idea was that growth in rural business and industry would help make up for losses in sales from declining population, create more jobs, and increase the tax base for areas hit hard by the farm crisis.

Attracting new businesses into a community led to supporting projects that would enhance the quality of life for the people who live there. Using Rural Utilities Service funds, CIPCO continues to find ways to encourage community projects such as aquatic parks and community centers.

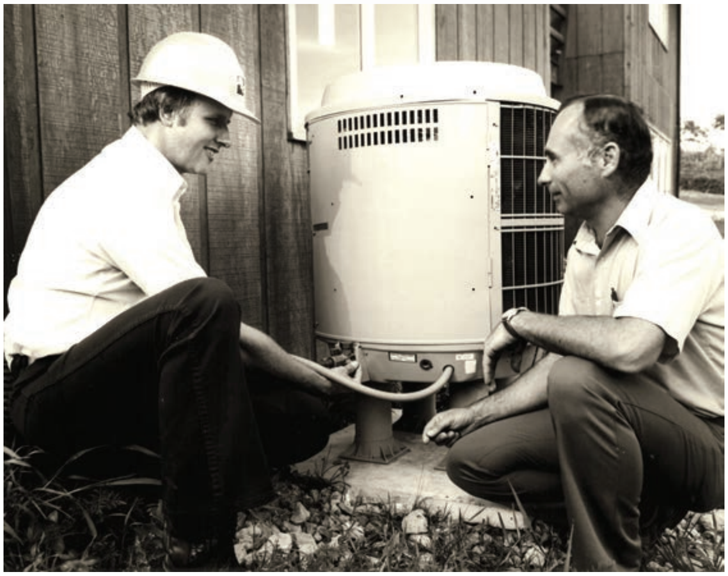
In the early 1990s, Eastern Iowa Light and Power sited the IPSCO steel plant in Muscatine County, bringing the largest commercial and industrial load into the CIPCO system, and resulting in the construction of its biggest single transmission facilities project. In 2005, CIPCO and Eastern executed an exit contract with IPSCO to reduce revenue risk to members and sold all transmission facilities to MidAmerican Energy.

CIPCO created other organizations with specific missions to serve the cooperative and its members. The Iowa Capital Corporation (ICC), later a part of Capital Management Associates (CMA), provides available funding for rural development in Iowa. CIPCO created its subsidiary Central Iowa Energy Cooperative (CIECO) to purchase the Lake Panorama property out of bankruptcy and create a future plant site; CIECO later developed the project as a housing initiative.

In 1998, CIPCO became one of the founding G&Ts of Touchstone Energy® Cooperatives, a nationwide branding initiative created in response to the growing likelihood of retail customer choice. Touchstone Energy Cooperatives demonstrate the core values of integrity, accountability, innovation, and commitment to community to differentiate cooperatives from other types of utilities. Although deregulation never brought about retail choice of providers, the Touchstone Energy brand continues today as a tool to help electric cooperatives communicate who they are on a national stage.

In 2001, the Midcontinent Independent System Operator

We Put You First!



CIPCO's "We Put You First" marketing program was established in 1988 to offer programs to build relationships and increase REC member satisfaction with their electric service.

(MISO) became the nation's first Federal Energy Regulatory Commission (FERC)-approved Regional Transmission Organization (RTO). Through CIPCO's Operation and Transmission Agreement with Alliant Energy, CIPCO became a market participant in 2005 using the MISO pool to buy and sell generation as needed.

On the transmission side, while CIPCO is not a MISO Transmission Owning member, due to its arrangements with ITC under the Operation and Transmission Agreement, CIPCO enjoys many benefits of MISO membership. The relationship spared many CIPCO Member-owners from outages during a widespread polar vortex in February 2021, that crippled much of the country.

CIPCO prides itself on the culture of safety that has been adopted across the organization. A dedicated safety manager oversees CIPCO's compliance with safety protocols, education, training and communication. In the early 2000s, automated defibrillators were distributed throughout CIPCO ahead of most other businesses. When OSHA called for dual fall protection for pole climbing, CIPCO linemen had the equipment and were prepared a year before the rule was finalized.

CIPCO has taken bold steps like implementing its first flame retardant clothing program and joining the fights against cancer and the opioid epidemic. The organization has earned respect among G&Ts and across the industry for its safety achievements and safety advocacy.

In 2019, CIPCO employees celebrated 2 million hours worked, over 10 years, without a lost time injury. It was a significant achievement within the industry.

As technology needs increased and became more complex, CIPCO implemented security measures to reduce the risk of cyber attacks. Staff regularly undergo training on identifying types of attacks that may occur online or through email, and an upgrade to CIPCO's Supervisory Control and Data Acquisition (SCADA) system maintains the highest security for protecting against attacks that could compromise the power grid.

LEADERSHIP

The directors and employees who started and sustained CIPCO never wavered from their commitment to provide energy solutions that fuel growth, deliver member satisfaction, and create long-term value for CIPCO's Member-owners.

Visualizing a solution that would allow CIPCO to secure REA funding while keeping costs low was the first challenge for the general managers of three distribution cooperatives in 1946. These leaders needed more power for the people they served, but the only answer to the problem facing them was to create a new kind of partnership as a generation and transmission cooperative. Seventy-five years later, the G&T they created instills a proud history of service to members.

When CIPCO first started, it was a "paper" G&T that owned, but did not operate or maintain power plants or transmission lines. Its handful of employees worked from two rooms in the Ilton Building in downtown Cedar Rapids. Over the years, CIPCO's Member-owners' need for more power continued rising as CIPCO expanded transmission lines to interconnect with other power suppliers and diversified its generating resources.

With a growing staff to handle the work, CIPCO needed more office space. In 1961, the board approved moving to a new headquarters building on the east edge of Marion. In 1978, construction began on a 10,000 square-foot headquarters southeast of Cedar Rapids to house CIPCO's administrative offices, doubling the space of the Marion location. The building would grow again in 1992 with an 11,806 square-foot addition and remodel. Offices were also established in Wilton (1988) and Des Moines (1999).

As CIPCO's leaders made decisions throughout its history, their focus was on the long-term growth that would strengthen the organization and its ability to provide Member-owners with a stable power supply. While major decisions could draw controversy at times, CIPCO leadership continued to seek ways to fulfill its promise to its Member-owners to provide safe, reliable and cost-effective power.

The cooperative's board of directors and employees have navigated through many challenges: power supply shortages, the energy crisis in the 1970s, the farm crisis in the 1980s, tightening environmental regulations, pricing fluctuations and financial challenges post 9/11, and, more recently, the COVID-19 pandemic.

In the late 1960s, CIPCO leaders recognized the value of investing in

CIPCO General Managers


Ashley G. Knight
1946-1953


Ivan E. Trottnow
1953-1957


W.E. Adams
1957-1974


Ed Williams
1974-1984


George Toyne
1984-1986


Richard Arnold
1986-1989


Dennis Murdock
1989-2017


Bill Cherrier
2017-present

nuclear energy, which was initially billed as "too cheap to meter." However, after Sept. 11, 2001, nuclear power became a more expensive asset to keep secure from the threat of terrorism. To be fair, DAEC was a valuable source of carbon-free emissions for 46 years. Its closure in 2020 left a gap in CIPCO's generation portfolio that drove the organization to purchase energy on the open market as it sought to develop new generation sources.

CIPCO's leadership has always looked for creative solutions to achieve its mission, not the least of which have been in the financing arena. In 2000, CIPCO received its investment-grade credit rating, allowing the cooperative to expand its sources of financing in addition to REA/Rural Utilities Service (RUS) funding. CIPCO received its Indenture of Mortgage from the RUS, replacing its traditional RUS mortgage and increasing the number of lenders available.

Throughout the cooperative's history, the board has focused on keeping CIPCO's financial position strong. CIPCO has consistently earned 'A' ratings from Standard & Poor's and Fitch Ratings. The agencies site favorable contracts, increasing diversified power supply, consistently strong financial performance and stable membership as the G&T's strengths. Since the 1980s, CIPCO has employed innovative programs that increase sales among residential, commercial and industrial members.

The cooperative's leadership engaged these efforts with one goal in mind: to keep rates affordable. CIPCO's work has been successful — in 2021, the cooperative had its lowest rate in more than 15 years. Its patronage policy continues to return substantial dividends, which maximizes options to member cooperatives to enhance member equity and financial flexibility.

CIPCO Board Presidents

1946-1951	John B. Cousin	Maquoketa Valley REC
1951-1952	Fay E. Wilcox,	T.I.P. REC
1953-1955	Frank Frederick	Linn County REC
1956-1958	H.A. Schares	Buchanan County REC
1959-1960	Norman H. Andrew	Greene County REC
1961-1962	G. J. Armstrong	Maquoketa Valley REC
1963-1965	J. T. McGarry	T.I.P. REC
1966-1967	C. A. Scheerer	Greene County REC
1968-1969	Kenneth H. Joslin	Guthrie County REC
1970-1973	Joseph C. Armbrecht	Marshall County REC
1974-1976	C. Raymond Fisher	Greene County REC
1977-1979	Richard G. Mickelson	Rideta Electric Cooperative
1980-1985	Edwin Bishop	Maquoketa Valley REC
1986-1994	James P. Wenstrand	Nyman Electric Cooperative
1995-1998	Dale R. Newman	Maquoketa Valley REC
1999-2004	Keith Wirt	Guthrie County REC
2005	Marvin Focht	Southwest Iowa REC
2006-2008	Donald Williams	Linn County REC
2009-2015	Allan Duffe	Eastern Iowa Light & Power
2016-Present	Paul Heineman	Midland Power

John B. Cousin
Maquoketa Valley REC
CIPCO's first president

Throughout the past 75 years, CIPCO and its Member-owners have weathered many storms figuratively and literally, from tornadoes to floods to ice storms to derechos. In response, CIPCO has focused its efforts on keeping reliability and accountability to its Member-owners at the forefront of decision making in the boardroom and in utility operation through the toughest times.

Leadership has proactively searched for solutions to problems, and actively sought new opportunities to serve members and teach the public about the value of cooperatives. Advertising campaigns have promoted the value of electricity. Programs such as "We Put You First," and "Get to Know" have increased awareness of Member-owners and the work they do for their communities. In the early 2000s, CIPCO sponsored the KCCI-TV SchoolNet program installed weather equipment in rural schools, allowing small communities and their local electric cooperatives to get some well-deserved recognition while teaching school children about meteorology.

CIPCO has sponsored many local community initiatives — too many to count in 75 years. The cooperative has supported events to increase awareness for Character Counts, the American Cancer Society, St. Luke's Hospital, Special Olympics Iowa and the Leukemia & Lymphoma Society to name a few. As a way to demonstrate Cooperative Principle #7, Concern for Community, CIPCO has been a proud sponsor of local athletic teams, community theaters, church organizations, county fairs, Honor Flights and the Governor's Charity Steer Show at the Iowa State Fair.

Over the last 75 years, the leaders who lent their talents and passion to guiding CIPCO through its triumphs and tribulations set the course for the next generation of leaders. This well-established precedent will inspire CIPCO for the next 75 years and beyond, as an organization that cares about improving the lives of Iowans by offering reliable and cost-effective power, supporting their communities and strengthening the rural electric cooperatives that serve them.

Historical Timeline

1946
Conception of Central Iowa Power Cooperative

CIPCO formed; Ashley Knight named first manager and John B. Cousin as first president

1951
First full year of CIPCO operations; offices located in downtown Cedar Rapids, Iowa

1953
I. E. Trottnow becomes manager

1957
W. E. Adams becomes manager

1958
Application submitted for WAPA power by CIPCO

1960
Fair Station Unit 1 comes online with 25 MW of generation; named in honor of long-time cooperative general manager F.E. Fair

1961
CIPCO moves offices to Marion, Iowa

1963
Allotment received from the U.S. Bureau of Reclamation

1965
Short term power purchases from Basin Electric are made

1967
Fair Station Unit 2 comes online with 37.5 MW of generation

1968
Southwestern Federated/CIPCO merger completed, the first of its kind in the nation

Letter of Intent with Iowa Electric signed for initial 10% ownership of DAEC (another 10% would be added before the facility comes online)

1969
SIMECA accepted as member of CIPCO

1971
CIPCO changes to magnetic tape recorders and Westinghouse software to provide most up-to-date information from substation meters

1972
Pella Electric Cooperative becomes member of CIPCO

CIPCO joins Mid-Continent Area Power Pool (MAPP)

1974
DAEC nuclear plant comes online with 20% CIPCO ownership

Ed Williams becomes manager

1975
Plans for Central Iowa Nuclear Unit underway with Iowa Power and Associated Electric Cooperative

1976
Conservation of energy becomes major focus

1977
Purchase of Lake Panorama and formation of Central Iowa Energy Cooperative (CIECO)

Western Area Power Administration (WAPA) created under the Department of Energy Organization Act to assume power marketing responsibilities and ownership, operation and maintenance of the federal transmission system from the Bureau of Reclamation (hydropower)

1979
CIPCO moves into new headquarters building on Highway 13, Cedar Rapids

Peak year in sales for CIPCO to date

1981
Guthrie County Generating Unit put on hold

1982
Eastern Iowa Light & Power becomes CIPCO member

Fair Station leased to CIPCO by Eastern Iowa

1983
Louisa Generating Station comes online with 4.6% CIPCO ownership

1985
CIPCO/Corn Belt Pooling Agreement begins, George Toyne is Pool Manager

Iowa Area Development Group created

Dispatch operations moved to Corn Belt

CIPCO/Corn Belt joint marketing program launched

Long term lease of Prairie Creek Units to Iowa Electric finalized

Historical Timeline

1986
Guthrie County Generating Unit is cancelled

CIPCO/Corn Belt Pooling Agreement is cancelled

Richard Arnold becomes general manager

SIMECA signs long-term power supply contract with CIPCO

New logo is developed

The New-to-Replace-Old (NTRO) program is launched

1987
Construction begins on Wilton Operations Center

CIPCO begins conversion of tape translation system to personal computer based

1988
First annual CIPCO Fest is held at Lake Panorama for directors, employees and their families

Corporate identity program introduced

First service recognition program for employees and directors

Home Economist program begins

Wilton Operations Center is completed

1989
Dennis Murdock becomes Executive Vice President and General Manager

Leadership sets goals and objectives in three strategic areas: stabilized rates, quality of service, and people & systems

Wilton Operations Center is completed and houses 12 personnel along with maintenance and construction materials, vehicles and equipment and dispatch center for crews servicing the Wilton operating area

1990
Reorganization results in three operating groups: Corporate Operations, Business Operations, and Utility Operations

Wellness program begins for employees and directors

Prairie Creek Units 1, 2, & 3 sold to Iowa Electric

CIPCO experiences a summer peak instead of winter peak for the third time in four years

1991
Most severe ice storm in CIPCO's history to date occurs Oct. 31

Construction begins on the 11,806 sq. ft. addition to the headquarters building in Cedar Rapids

Lake Panorama National, Inc., becomes subsidiary of CIECO and begins operating Lake Panorama National Golf Course

1992
Construction completed on the Cedar Rapids office addition

CIPCO begins developing Integrated Resource Plan

CIPCO wins grand prize at Governor's Charity Show, Iowa State Fair

Greene County REC and Hardin County REC consolidate to form Midland Power Cooperative, Jefferson, Iowa

CBEC Railway formed to provide competitive rail service to Walter Scott Energy Center for coal deliveries; CIPCO owns 10%

1993
CIPCO continues to add state-of-the-art technology to work stations for tape translation and for reporting to the members

Capital Management Associates is created as a subsidiary of CIECO primarily as manager of the Iowa Capital Corporation

1994
IPSCO announces plans to build electric arc steel mill in Eastern Iowa Light & Power service territory with CIPCO as the power supplier

Interruptible rate for commercial customers is developed

Myriad Technology Plaza begins construction on two of four buildings in the University of Iowa Oakdale Research Park

1995
Benton County ECA and Buchanan County REC consolidate to form East-Central Iowa Rural Electric Cooperative, Vinton, Iowa

1996
Economic development is promoted through alliances in four joint ventures

IPSCO project completed on time and under budget

CIPCO celebrates 50 years of service

Southwestern Iowa Federated employees work to build the Stanton substation, prior to CIPCO's ownership.

Historical Timeline

1997
Updated web site is launched at www.cipco.org; features "The Electric Universe," more than 350 pages of colorful and fascinating facts about electricity, electrical safety and the power industry

1998
CIPCO becomes member of Touchstone Energy® Cooperatives

1999
First intranet is launched with proprietary information accessible only to CIPCO directors, employees and member systems

Touchstone Energy® Community Service Challenge documents more than 18,000 volunteer hours among CIPCO and its Member-owners

CIPCO opens office location in Des Moines on the 4th floor of 2600 Grand Avenue

2000
CIPCO joins Mid-America Interconnected Network (MAIN)

Safety record set in September with more than three years without a lost-time injury

CIPCO returns nearly $2 million to its Member-owners in rebates and space heating credits

SchoolNet partnership with KCCI-TV begins and engages rural area students across the state in local weather

2001
Employees reach 900,000 hours worked without a lost-time accident, the result of over four years of on-the-job safety awareness

2002
The Iowa-Illinois Safety Council presents CIPCO with a plaque recognizing CIPCO's million hour milestone without a lost-time injury

CIPCO develops new relationship with CoBank with $25 million line of credit

2003
Department of Energy approves CIPCO as an official ENERGY STAR® partner

Record crowd attends 11th Annual Momentum is Building conference

2004
First full year of using MV-Web for billing eliminates 70% of paper reporting by CIPCO member systems

In September, CIPCO surpasses seven years without a lost-time injury or illness, 1.5 million work hours

2005
New-to-Replace-Old program expands to double the program limits to 30 miles of transmission line per year

Best reliability in 10 years is achieved with an average customer outage time of only 27 minutes

Four employees travel to South Dakota to help reuild more than 9,000 miles of power lines and 12,000 downed power poles following ice storm

The CIPCO Enhancement Fund earmarks $10,000 annually to the University of Northern Iowa for student internships with Iowa-based small businesses

2007
CIPCO begins proactive approach to produce environmentally responsible energy by reducing emissions, conducting emissions tests and investing in new equipment to meet federal air quality standards

2008
CIPCO Board approves $50,000 loan to help rebuild Parkersburg after EF 5 tornado

A record number of Member-owners participated in energy efficiency programs: 1,463 heat pump units installed, 2,676 high efficient electric water heaters, 15% increase in the number of ENERGY STAR central air conditioners and a 22% increase in residential and commercial participation in lighting incentives

2009
Board member Sam Nichols is elected as Iowa's representative on the NRECA Board of Directors

Board allocates $1 million to Member-owners to help kick off energy efficiency program expansion

Legislative/Public Policy Committee is established to more actively engage CIPCO in state and federal policy decisions

2010
Nuclear Regulatory Commission extends operating license for DAEC for another 20 years

The Wholesale Power Rate is reduced by 2.0 mills/kWh on an annualized basis or $5.5 million

CIPCO enters into an Indenture of Mortgage (Indenture) replacing its traditional RUS mortgage in order to increase the number of lenders available and to provide a more streamlined approach in granting security to lending partners

Historical Timeline

2011
Iowa Capital Corporation is restructured as CMA Ventures

Utility Operations uses new PhaseRaiser® System, a new lifting system that allows structures to be raised while keeping lines in service

2012
CIPCO becomes 94% owner of CBEC Railway, Inc.

2013
CIPCO receives $40.1 million RUS loan, using $24.2 million to fund transmission system improvements

The last of the coal supply at Fair Station is burned Nov. 2 and the plant ceases generation

CIPCO's IT department begins offering service delivery program for Member-owners

2014
CIPCO and CoBank partner to create Midwest Growth Partners (MGP), a $41 million private equity fund

53 miles of transmission lines were constructed, rebuilt or upgraded in order to improve service and reliability as part of NTRO initiative

2015
CIPCO releases a five-year energy plan to support energy efficiency programs for Member-owners

The Des Moines office moves to a new floor in the same building, and the Cedar Rapids office is remodeled

Human Resources develops an Employee Value Proposition with 7 key areas: Safety, Impact, Compensation & Benefits, Work/Life Balance, Variety, Professional Growth and People

2016
CIPCO announces Iowa's largest utility-scale solar project, spread across six Member-owner sites

CIPCO successfully passes external vulnerability test conducted by the North American Electric Reliability Corporation (NERC)

Outage time is 0.22 hours per member, the lowest since 1980

DAEC is refueled with a downtime of 29 days, the shortest in its history to date

2017
Bill Cherrier becomes CIPCO Executive Vice President & CEO

CIPCO donates more than $80,000 to causes aligned with the Cooperative Principles

2018
The CIPCO Board, leadership team and member CEOs develop strategic alignment priorities in six key areas: Portfolio and Integrated Resource Plan, Financial Strength, Competitive Rates, System Culture, Cost Management and Performance Culture, and Wholesale Power Contract

NextEra Energy Resources and Alliant Energy announce early closure of DAEC set for 2020

Heartland Divide comes online

CIPCO announces Wapello Solar, LLC, Iowa's largest solar project

CIPCO announces $85 million investment to repower and modernize Summit Lake Generating Station

"Savings with Staying Power" becomes new marketing program

DAEC is refueled with a downtime of 26 days, beating the previous record

2019
Staff celebrates safety milestone of achieving two million hours without a lost-time injury

2020
The COVID-19 pandemic ushers in the era of working remotely for CIPCO employees and heightened safety protocols for field staff

For the first time in corporate history, CIPCO cancels annual meeting; board members meet virtually

The Aug. 10 derecho storm damages miles of CIPCO transmission lines with a recovery cost of over $5 million

DAEC is damaged by the derecho and shut down permanently

CIPCO signs power purchase agreement with RPM Access for Independence Wind (54 MW)

A state-of-the-art SCADA system is installed at Creston that allows dispatchers to remotely observe and operate all Creston and Wilton equipment


Benton County ECA tour of Council Bluffs #3, 1981

Central Iowa Power Cooperative

A Touchstone Energy® Cooperative

2021 FINANCIALS

Independent Auditors’ Report

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INDEPENDENT AUDITOR’S REPORT

Board of Directors and Members of
Central Iowa Power Cooperative and subsidiaries
Des Moines, Iowa

Opinion

We have audited the consolidated financial statements of Central Iowa Power Cooperative and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of revenue and expenses, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

March 25, 2022

CIPCO and Subsidiaries-December 31, 2021 and 2020

Consolidated Balance Sheets

Assets		**2021**	**2020**
Electric utility plant, at cost:			
In service	$	766,290,683	671,689,483
Less accumulated depreciation		303,769,028	292,996,275
		462,521,655	378,693,208
Construction work in progress		39,090,262	90,259,176
Electric utility plant, net		501,611,917	468,952,384
Railroad and nonutility property, at cost less accumulated depreciation and amortization of $3,372,424 in 2021 and $3,003,928 in 2020		5,295,979	5,664,475
Investments and notes receivable:			
Investments in associated organizations and notes receivable, net		30,332,169	30,759,175
Decommissioning funds		169,015,491	158,203,906
Other investments		91,552,123	89,882,267
Total investments and notes receivable		290,899,783	278,845,348
Current assets:			
Cash and cash equivalents		10,060,455	7,636,887
Restricted cash		—	96,260
Accounts receivable, members		14,236,334	14,836,806
Government grants and receivables		18,874,808	12,686,234
Other receivables		4,966,665	9,136,559
Fossil fuel, materials, and supplies		9,604,359	11,890,614
Prepaid expenses and interest receivable		586,690	854,082
Regulatory asset		6,185,292	6,185,292
Total current assets		64,514,603	63,322,734
Regulatory assets		37,111,752	53,781,622
Total assets	$	899,434,034	870,566,563

Capitalization and Liabilities			
Capitalization:			
Members' equity:			
Membership fees and contributed capital credits	$	40,682,444	40,682,444
Deferred patronage capital		93,078,516	90,078,516
Other equities		99,380,642	103,428,981
Total members' equity		233,141,602	234,189,941
Noncontrolling interest in CBEC Railway, Inc.		348,780	362,661
Total equity		233,490,382	234,552,602
Long-term debt, less current maturities		432,319,334	416,896,280
Total capitalization		665,809,716	651,448,882
Other liabilities:			
DAEC decommissioning liability		145,271,899	147,776,220
Other asset retirement obligations		6,773,814	10,358,805
Regulatory liability		13,714,291	—
Deferred income taxes		1,520,467	191,317
Total other liabilities		167,280,471	158,326,342
Commitments and contingencies			
Current liabilities:			
Current maturities of long-term debt		24,575,091	17,622,347
Accounts payable		19,519,012	16,202,030
Accrued property taxes and other expenses		13,729,744	9,863,071
Current portion of DAEC decommissioning liability		8,520,000	17,103,891
Total current liabilities		66,343,847	60,791,339
Total capitalization and liabilities	$	899,434,034	870,566,563

See notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2021 and 2020

Consolidated Statements Of Revenue And Expenses

	2021	2020
Operating revenue:		
Electric revenue	$ 170,892,454	169,463,390
Wheeling	7,130,348	6,121,248
Miscellaneous	5,320,984	2,581,170
Railroad	770,962	852,922
Total operating revenue	184,114,748	179,018,730
Operating expenses:		
Purchased power	89,718,536	56,737,210
Operations:		
Production plant - fuel	16,129,940	14,567,004
Production plant - other	6,796,479	20,361,253
Transmission plant	16,451,302	15,249,164
Maintenance:		
Production plant	3,713,196	6,587,196
Transmission plant	3,872,046	3,399,207
Business support services	11,218,392	10,936,735
Depreciation and amortization	27,706,693	25,084,232
Property and other taxes and insurance	1,512,834	1,512,125
Other	271,485	342,599
Total operating expenses	177,390,903	154,776,725
Net operating margin	6,723,845	24,242,005
Other revenue (expense):		
Net realized investment income	8,940,806	8,762,136
Net unrealized gain (loss) on investments	6,674,864	(843,378)
Patronage capital allocations	1,539,762	1,329,363
Miscellaneous revenue (expense), net	90,242	(938,850)
Total other revenue, net	17,245,674	8,309,271
Net margin before interest, income taxes and impairment	23,969,519	32,551,276
Interest charges:		
Interest on long-term debt	12,889,923	13,090,630
Allowance for borrowed funds used during construction	(350,628)	(1,105,512)
Net interest charges	12,539,295	11,985,118
Net margin before income taxes and impairment	11,430,224	20,566,158
Income tax expense:		
Current income tax expense	1,145,294	307,593
Deferred income tax expense (benefit)	1,329,150	(237,935)
Total income tax expense	2,474,444	69,658
DAEC impairment	—	4,102,131
Net margin	8,955,780	16,394,369
Noncontrolling interest in CBEC Railway, Inc.	4,119	17,332
Net margin attributable to the Company	$ 8,951,661	16,377,037

See notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2021 and 2020

Consolidated Statements Of Equity

	Membership Fees & Contributed Capital Credits	Deferred Patronage Capital	Other Equities	Noncontrolling Interest In CBEC Railway, Inc.	Total Equity
Balance January 1, 2020	$ 40,682,444	86,328,516	101,551,944	375,329	228,938,233
Net margin	—	—	16,377,037	17,332	16,394,369
Patronage capital paid	—	(10,750,000)	—	—	(10,750,000)
Patronage capital allocated	—	14,500,000	(14,500,000)	—	—
Distribution of earnings	—	—	—	(30,000)	(30,000)
Balance December 31, 2020	40,682,444	90,078,516	103,428,981	362,661	234,552,602
Net margin	—	—	8,951,661	4,119	8,955,780
Patronage capital paid	—	(10,000,000)	—	—	(10,000,000)
Patronage capital allocated	—	13,000,000	(13,000,000)	—	—
Distribution of earnings	—	—	—	(18,000)	(18,000)
Balance December 31, 2021	$ 40,682,444	93,078,516	99,380,642	348,780	233,490,382

See notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2021 and 2020

Consolidated Statements Of Cash Flows

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin	$	8,955,780	16,394,369
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization		28,221,632	25,574,013
Amortization of deferred charges		—	1,410,320
Amortization of nuclear fuel		—	5,222,281
Settlements of asset retirement obligations		(14,261,915)	(7,681,887)
Patronage capital allocations not received in cash		(539,223)	(484,527)
Realized net gain on disposal of investments		(6,635,716)	(7,197,269)
Loss on disposal of electric utility plant and nonutility property		1,963,022	1,177,414
DAEC impairment		—	4,102,131
Net unrealized (gain) loss on investments		(6,674,863)	843,378
Net gain from equity method investees		(73,985)	(58,907)
Other, net		192,907	294,793
Changes in certain assets and liabilities:			
Receivables		4,452,837	(8,417,894)
Fossil fuel, materials, and supplies		2,286,255	(3,507,146)
Prepaid expenses and interest receivable		268,391	(267,879)
Accounts payable, accrued liabilities, and other liabilities		1,597,473	3,333,624
Deferred income taxes		1,329,150	(237,935)
Net cash provided by operating activities		21,081,745	30,498,879
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to electric utility plant		(54,628,952)	(93,091,778)
Proceeds from the sale of electric utility plant and nonutility property		75,091	171,962
Purchases of investments		(84,709,569)	(187,443,067)
Sales of investments		99,674,988	187,554,327
Interest and dividend income reinvested		(3,301,553)	(685,645)
Distributions received from equity method investees		50,000	60,000
Distributions received from decommissioning funds		10,563,057	407,204
Receipt of prior years' patronage capital allocation		55,677	61,642
Additions to notes receivable		(2,720,000)	(6,394,378)
Payments from notes receivable		3,634,062	1,785,925
Net cash used in investing activities		(31,307,199)	(97,573,808)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term debt		(18,529,238)	(23,575,578)
Proceeds from long-term borrowings		69,600,000	40,800,000
Principal payments on line of credit		(168,500,000)	(130,000,000)
Proceeds from line of credit borrowings		140,000,000	178,900,000
Distribution of earnings		(18,000)	(30,000)
Patronage capital paid		(10,000,000)	(10,750,000)
Net cash provided by financing activities		12,552,762	55,344,422
Net increase (decrease) in cash, cash equivalents and restricted cash		2,327,308	(11,730,507)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year		7,733,147	19,463,654
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	$	10,060,455	7,733,147
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash payments for interest	$	12,950,229	13,059,621
Cash payments for taxes	$	844,655	70,509
Purchases of electric utility plant in accounts payable	$	7,773,623	6,138,057

See notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2021 and 2020

Notes To Consolidated Financial Statements

1. ORGANIZATION

Central Iowa Power Cooperative (the “Cooperative” or “CIPCO”) is a member-owned not-for-profit electric generation and transmission cooperative. Its mission is to provide Member-owners with wholesale power and services in a safe, reliable, and cost-effective manner. It serves member electric service needs of twelve electric distribution cooperatives and one municipal electric cooperative association. The members of the Cooperative serve rural and suburban areas located in 58 of Iowa’s 99 counties in an area stretching 300 miles diagonally from northeast to central and southwest Iowa.

The Cooperative has two for-profit subsidiaries, CMA Ventures, Inc. (“CMAV”) and CBEC Railway, Inc. (“CBEC”) (collectively, the “Company”). CMAV is an Iowa investment company wholly-owned by the Cooperative. CBEC is a rail spur providing dual rail access for coal deliveries to the Walter Scott Energy Center site in Council Bluffs, Iowa. The Cooperative’s ownership interest in CBEC is 94%.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation
The consolidated financial statements include the accounts of the Cooperative and its subsidiaries in which it holds a controlling financial interest as of the financial statement date. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

(b) Use of Estimates
The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Regulatory Matters
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’s principal regulatory agency. The Cooperative is not subject to external rate regulation. Rates charged to members for electric service are established annually by the Cooperative’s Board of Directors.

The Cooperative’s utility operations are subject to the provisions of ASC Topic 980, *Regulated Operations* which provides that regulated entities record certain costs and credits allowed for in the rate making process in different periods than for nonregulated entities. For regulated entities, certain costs are deferred as regulatory assets or revenues deferred as regulatory liabilities and are recognized in the consolidated statements of revenue and expenses at the time they are reflected in rates.

(d) Electric Utility Plant
The cost of renewals and betterments of units of property includes construction-related material, contract services, direct labor, applicable supervisory and overhead costs, and allowance for funds used during construction, and is charged to electric utility plant accounts. Expenditures for maintenance and repairs, including purchases or renewals of minor items of property (as distinguished from units of property), are charged to expense. Depreciation is based on estimated useful lives at straight-line composite rates. At the time properties are disposed of, the original cost of depreciable units replaced or retired, plus cost of removal less salvage of such property, is charged to accumulated depreciation and no profit or loss is recognized in connection with ordinary retirements of electric utility property units.

(e) Recoverability of Long-Lived Assets
Long-lived assets, such as property, plant, and equipment, are 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 estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value, to the extent that the Cooperative’s Board of Directors has not taken action to establish a regulatory asset that will be recovered in future rates.

(f) Allowance for Borrowed Funds Used During Construction
Allowance for borrowed funds used during construction (“AFUDC”) represents the cost, during the period of construction, of borrowed funds used for construction purposes. The composite rates used to calculate the AFUDC for 2021 and 2020 were approximately 2.2% and 2.5%, respectively.

(g) Railroad and Nonutility Property
Railroad and nonutility property primarily consists of the net assets of CBEC, and is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 34 to 44 years.

(h) Investments
The Company determines the appropriate classification of investments in debt securities at the acquisition date and re-evaluates the classification at each balance sheet date. All investments in marketable debt securities are currently classified as available-for-sale at the balance sheet date. Available-for-sale debt securities are held in the Cooperative’s decommissioning funds and therefore, interest and dividend income are recognized as a change in regulatory assets or liability on the consolidated balance sheets.

All equity securities are reported at fair value, with changes in fair value recognized in net unrealized gains or losses in the consolidated statements of revenues and expenses, unless subject to the effects of regulation. Realized gains and losses are reported as net realized investment income in the consolidated statements of revenues and expenses, unless subject to the effects of regulation. All changes in fair value of equity securities, as well as realized gains and losses, held in the decommissioning funds are recorded in regulatory assets or liability on the consolidated balance sheets since the Cooperative expects to recover any costs in excess of available decommissioning funds through future rates.

Certain investments in privately held corporations and private equity funds that do not have readily determinable fair values, are measured at cost less impairment, if any.

The Company utilizes the equity method of accounting with respect to investments when it possesses the ability to exercise significant influence, but not control, over the investee. In applying the equity method, the Company records the investment at cost and subsequently increases or decreases the carrying value of the investment by the Company's proportionate share of the net earnings, losses, and dividends or equity distributions of the investee. The Company accounts for cash distributions received under the cumulative-earnings approach. Distributions are presumed to be returns on investment and classified as operating cash inflows to the extent cumulative distributions received do not exceed the Company's proportional share of cumulative equity earnings. Any excess is considered return of investment and classified as cash inflows from investing activities on the consolidated statements of cash flows.

(i) Fair Value of Financial Instruments
As defined by GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets to estimate fair value. Nonperformance or credit risk is considered in determining fair value. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. Fair value estimates are made at a specific point in time based on relevant market information. 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.

(j) Cash and Cash Equivalents
Cash and cash equivalents consist primarily of bank deposits and money market funds. The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

(k) Fossil Fuel, Materials, and Supplies
Fossil fuel, materials and supplies are stated at the lower of average cost or net realizable value.

(l) DAEC Decommissioning Liability and Asset Retirement Obligations
The Cooperative recognizes asset retirement obligations ("AROs") when it has a legal obligation to perform decommissioning or removal activities upon retirement of an asset. The Cooperative's AROs relate to the decommissioning of the Duane Arnold Energy Center ("DAEC") and obligations associated with its other generating facilities. The fair value of an ARO liability is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Cooperative determines these obligations based upon detailed engineering calculations of the amount and timing of the future decommissioning cash spending for a third party to perform the required work. Cost estimates are escalated for inflation and then discounted at a credit-adjusted, risk-free rate. Subsequent to the initial recognition, the ARO liability is adjusted for revisions to the original estimate of undiscounted cash flows and for accretion of the ARO liability due to the passage of time. Changes in estimates could occur for several reasons, including changes in laws and regulations, plan revisions, inflation and changes in the amount and timing of the expected decommissioning activities.

(m) Revenue Recognition
Electric revenue – Revenues are derived primarily from sales to members pursuant to substantially identical long-term wholesale power contracts. Each contract obligates CIPCO to sell and deliver to the member, and obligates the member to purchase and receive from CIPCO, all electric power and energy it requires for the operation of its system. Rates are established annually by the Board of Directors at levels consistent with the provision of reliable cost-based supply of power and energy to members over the long term. Rates consist of three billing components: energy, monthly demand, and seasonal demand. All three billing components have the same pattern of transfer to members and are both measurements of the electric power provided to members. Therefore, the provision of electric power to members is one performance obligation. Prior to members' requirements for electric power, the Cooperative does not have a contractual right to consideration as it is not obligated to provide electric power until the member requires each incremental unit of electric power. The Cooperative transfers control of the electric power to members over time and members simultaneously receive and consume the benefits of the electric power. Progress toward completion of the Cooperative's performance obligation is measured using the output method. Meter readings are taken at the end of each month for billing purposes, energy and demand are determined after the meter readings, revenue is recognized, and members are invoiced based on the meter readings.

Wheeling – Wheeling revenue consists of charges to other energy companies for transmitting electricity over the Cooperative's transmission lines. Revenue is recognized when service is provided.

Miscellaneous – Miscellaneous revenue consists of the sale of renewable energy credits, rent of facilities, and other miscellaneous revenues of the Cooperative. Renewable energy credits are sold to non-members at prevailing market prices. The performance obligation is complete, and revenue is recognized, when control is transferred.

Railroad – CBEC earns a fixed fee per ton of coal delivered to Walter Scott Energy Center over its rail spur in accordance with a long-term agreement with the majority owner and operator of Walter Scott Energy Center. CBEC is obligated to provide rail access for coal deliveries. The performance obligation is complete, and revenue is recognized, when coal is delivered.

(n) Income Taxes

The Cooperative has received a tax determination letter from the IRS indicating it is exempt from federal and state income taxes under applicable tax laws. As such, the Cooperative is taxed only on any net unrelated business income under Section 511 of the Internal Revenue Code.

CMAV and CBEC are subject to income tax. Deferred income tax assets and liabilities are based on differences between the financial statements and tax bases of assets and liabilities using the estimated tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities are included as a component of income tax expense. Valuation allowances are established for deferred income tax assets where management determines that realization is not likely.

(o) Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates ASC Topic 842, *Leases* and supersedes Topic 840, *Leases*. This guidance increases transparency and comparability among entities by recording lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. This ASU is effective for fiscal years beginning after December 15, 2021, and is required to be adopted using a modified retrospective approach. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance, but we do not expect the adoption will have a material effect on the consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, *Governmental Assistance*, which creates ASC Topic 832, *Governmental Assistance*. This guidance requires business entities to provide certain disclosures when they have received government assistance and to use a grant or contribution accounting model by analogy to other accounting guidance. This ASU is effective for fiscal years beginning after December 15, 2021. Business entities may apply the ASU's provisions either (1) prospectively to all transactions within the scope of ASC 832 that are reflected in the financial statements as of the adoption date and all new transactions entered into after the date of adoption or (2) retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

3. DAEC EARLY CLOSURE

The Cooperative is a 20% owner of DAEC, a retired nuclear-powered electric generation facility. Despite being licensed to operate until 2034, NextEra Energy Resources ("NEER") planned to cease commercial operations on October 30, 2020. On August 10, 2020, DAEC was shut down after a derecho storm struck DAEC and the surrounding area. Upon review, NEER determined that DAEC would remain shut down and began the decommissioning process. Due to the earlier shutdown, CIPCO recognized a $4.1 million impairment charge for the unamortized balance of nuclear fuel and unusable materials and supplies inventory.

Notes To Consolidated Financial Statements

4. ELECTRIC UTILITY PLANT IN SERVICE

The major classes of electric utility plant in service at December 31, 2021 and 2020 and depreciation and amortization for 2021 and 2020 are as follows:

	Cost		Depreciation & Amortization		Composite Depreciation Rates
	2021	2020	2021	2020	%
Production plant	$ 347,381,700	274,729,096	9,839,081	13,143,730	3.10%
Transmission plant	396,353,386	375,033,933	10,295,484	9,486,773	2.75
Distribution plant	454,256	454,256	—	—	0.00
General plant	21,226,875	20,597,732	1,518,102	1,528,222	3.03-33.33
Intangible plant	874,466	874,466	15,176	15,176	4.00
Electric utility plant in service	$ 766,290,683	671,689,483	21,667,843	24,173,901	

The following table provides the net balance recorded in electric utility plant in service by production plant facility at December 31, 2021:

Production Plant Facility	Percentage Ownership	Capacity MW	Electric Utility Plant in Service-Net
Summit Lake	100.0%	110	$ 75,963,557
Walter Scott Energy Center Unit No. 3	11.5	83	27,612,694
Walter Scott Energy Center Unit No. 4	9.5	78	72,488,970
Louisa Generating Station	4.6	34	10,351,076

Under joint facility ownership agreements, the Cooperative has undivided interests in jointly owned electric generating facilities with other utilities. The Cooperative accounts for its proportionate share of each facility, and each joint owner has provided financing for its share of each facility. Operating costs of each facility are assigned to joint owners based on their percentage of ownership or energy production, depending on the nature of the cost. The Cooperative's share of expenses associated with these jointly owned units is included in operations and maintenance expenses in the consolidated statements of revenue and expenses.

Upon the permanent cessation of power operations in 2020, all DAEC electric utility plant, at cost, except land, was retired. This resulted in a $181.3 million reduction in electric utility plant in service and a $181.3 million reduction to accumulated depreciation.

5. POWER PURCHASE AGREEMENTS

The Cooperative has entered into long-term supply contracts and is purchasing energy and capacity from various wind, solar, hydro, and landfill gas generation resources totaling 439.5 MW with expiration dates between 2025 and 2050. Total purchases are based upon the energy generation output of the resources. Contract prices vary and may escalate over the term. These contracts are settled by physical delivery, among other criteria, and are designated as normal purchase contracts. Payments are recognized as purchased power in the consolidated statements of revenue and expenses. The Cooperative's purchases under these agreements were $41,071,417 and $35,784,408 for 2021 and 2020, respectively.

The Cooperative has entered into an additional long-term supply contract to purchase energy and capacity from a 100 MW_{AC} solar generation resource that remains in development and has not been constructed.

CMAV has contracted for the long-term lease of six photovoltaic solar generation facilities interconnected across CIPCO's service territory totaling 6.4 MW_{AC} of generation capacity. Annual operating lease payments total $749,000 and extend to 2030. All output of the solar facilities is sold to the Cooperative through intercompany power purchase agreements. All intercompany transactions have been eliminated in the consolidated financial statements.

Notes To Consolidated Financial Statements

6. INVESTMENTS AND NOTES RECEIVABLE

As of December 31, 2021 and 2020, investments and notes receivable consisted of the following:

		2021	2020
Investments in associated organizations and notes receivable; net:			
Capital term certificates	$	4,486,482	4,486,482
Investments in associated organizations		9,301,215	8,817,669
Notes receivable, net		16,544,472	17,455,024
		30,332,169	30,759,175
Decommissioning funds:			
Investments - decommissioning trust		88,398,165	84,632,768
Investments - internal decommissioning fund		80,617,326	73,571,138
		169,015,491	158,203,906
Other investments:			
Invested reserves		86,134,203	85,039,944
Equity in privately held corporations and funds		4,739,907	4,188,295
Equity method investments		678,013	654,028
		91,552,123	89,882,267
Total investments and notes receivable	$	290,899,783	278,845,348

Capital term certificates are issued by National Rural Utilities Cooperative Finance Corporation ("CFC") and currently bear interest at 3% to 5% maturing between 2025 and 2080. These investments are carried at original cost.

Investments in associated organizations consist primarily of memberships in other cooperatives. These investments are stated at cost, adjusted for patronage capital allocations. The patronage capital allocations are noninterest-bearing and mature based upon the granting cooperatives' policies.

Notes receivable, net consist primarily of economic development notes receivable of $16,544,472 and $17,455,024 at December 31, 2021 and 2020, respectively. The notes receivable bear interest rates between 0% and 4.91%, incur annual administrative fees of 0% to 1%, and have contractual maturity dates through September 2031. Management monitors the collectability of the notes receivable on an individual basis. Receivables are considered impaired when it is probable the Company will be unable to collect all amounts due according to the contractual terms. Impairment losses of $34,121 and $0 were recognized during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company had established an allowance for doubtful account of $248,610 and $252,120, respectively, based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of note recipients to repay the amounts in accordance with the terms of the note agreements.

Decommissioning funds consist of a legally restricted external trust fund and an internally reserved fund. The Cooperative has established both funds for the decommissioning of the DAEC. Both funds consist primarily of U.S. domestic equities, international equities, REITs, mutual funds, government securities, corporate fixed income, private equity funds, and exchange traded funds, which are carried at fair value or NAV with realized and unrealized gains and losses included in the DAEC decommissioning regulatory asset or liability. Officers of the Cooperative are authorized to act in accordance with the decommissioning trust agreement and request distributions from the decommissioning trust to reimburse the Cooperative for decommissioning expenditures. The authority granted to officers of the Cooperative to request distributions from the decommissioning trust is capped at $10 million per calendar year. If distribution requests will exceed $10 million in any calendar year, specific authorization by the CIPCO board of directors, as Trust Protector, is required. There are currently no restrictions regarding the internal decommissioning fund.

6. INVESTMENTS AND NOTES RECEIVABLE *(CONTINUED)*

Invested reserves consist primarily of U.S. domestic equities, international equities, REITs, mutual funds, government securities, corporate fixed income, and private equity funds, which are carried at fair value or NAV with changes in fair value recognized in net unrealized gains or losses in the consolidated statements of revenue and expenses, unless subject to the effects of regulation.

Equity in privately held corporations and funds includes common and preferred stock of privately held corporations. These investments are carried at cost and assessed for impairment annually.

Equity method investments include holdings in privately held corporations in which the Company possesses the ability to exercise significant influence, but not control, over the investee. These investments are recorded at adjusted cost which includes the Company's proportionate share of the net earnings, losses, and distributions of the investee. These investments are assessed for impairment annually. If factors indicate that a decrease in value of an equity method investment has occurred that is other than temporary, an impairment is recognized even if the decrease in value is in excess of what would otherwise be recognized by application of the equity method.

As of December 31, 2021 and 2020, investments that have readily determinable fair values within decommissioning funds and other investments consisted of the following:

December 31, 2021	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Cash equivalents	$ 4,967,584	—	—	4,967,584
Equities	117,114,755	43,262,371	(1,513,666)	158,863,460
Fixed income	44,790,818	802,941	(630,495)	44,963,264
Totals	$ 166,873,157	44,065,312	(2,144,161)	208,794,308

December 31, 2020	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Cash equivalents	$ 3,531,378	—	—	3,531,378
Equities	121,482,455	37,711,285	(872,741)	158,320,999
Fixed income	40,359,853	1,476,913	(80,573)	41,756,193
Totals	$ 165,373,686	39,188,198	(953,314)	203,608,570

Notes To Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurements* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including the Company's own data.

Description of the valuation methodologies used for instruments measured at fair value on a recurring basis are set forth below:

Cash and Cash Equivalents—The carrying amounts approximate fair value because of the short-term nature of these instruments.

Mutual Funds, Equities, and Exchange Traded Funds—The fair value of available-for-sale securities is based on quoted market prices from an active exchange or from an active dealer market. All of these investments are classified in Level 1.

Government Securities and Corporate Fixed Income—Bonds are often traded in less active markets with fair values based on quoted prices for similar assets and in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. As such, these investments are classified in Level 2.

Private Equity and Hedge Funds—The fair value of the Company's investments in limited partnership private equity and hedge funds represents the value of its NAV as reported by the fund managers. Valuations utilize financial information supplied by the general partner of each limited partnership and are net of management fees and incentive allocations pursuant to the limited partnership's applicable agreements. Due to the inherent uncertainty of valuation, the value of the Company's investments in limited partnership private equity and hedge funds may differ significantly from the values that would have been used had an active market for the investments held by the Company been available.

Notes To Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

The following tables present assets that are measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	Fair Value Measurements as of December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 4,967,584	4,967,584	—	—
Equities - stocks	52,876,923	52,876,923	—	—
Mutual funds:				
Equities	34,080,722	34,080,722	—	—
Fixed income	10,519,136	10,519,136	—	—
Exchange traded funds:				
Equities	71,905,815	71,905,815	—	—
Fixed income	6,269,419	6,269,419	—	—
Corporate fixed income	14,486,778	—	14,486,778	—
Government securities	13,687,931	—	13,687,931	—
Subtotal	208,794,308	180,619,599	28,174,709	—
Private equity and hedge funds measured at net asset value	46,355,386			
Total	$ 255,149,694			

	Fair Value Measurements as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 3,531,378	3,531,378	—	—
Equities - stocks	53,535,703	53,535,703	—	—
Mutual funds:				
Equities	29,884,238	29,884,238	—	—
Fixed income	8,734,156	8,734,156	—	—
Exchange traded funds:				
Equities	74,901,058	74,901,058	—	—
Fixed income	5,088,804	5,088,804	—	—
Corporate fixed income	15,453,496	—	15,453,496	—
Government securities	12,479,737	—	12,479,737	—
Subtotal	203,608,570	175,675,337	27,933,233	—
Private equity and hedge funds measured at net asset value	39,635,280			
Total	$ 243,243,850			

7. FAIR VALUE MEASUREMENTS *(CONTINUED)*

Liquidity Restrictions—Certain alternative investments are less liquid than the Company's other investments and are generally accessed via limited partnerships, limited liability corporations, and private equity and hedge funds. There is generally no readily determinable fair value for alternative investments, though certain funds may invest in securities for which there is a public market. These investments are subject to varying degrees of liquidity restrictions. The following table summarizes these investments by investment strategy as of December 31, 2021 and 2020:

Alternative Investment Strategy	2021	2020	Redemption Frequency	Redemption Notice Requirements
Private equity & hedge funds	$ 4,731,314	5,429,361	Allowed quarterly	Varies from 30-95 days
Private equity & hedge funds	3,074,848	3,393,324	Allowed at least annually	90 calendar days plus 5 business days
Private equity & hedge funds	38,549,224	30,812,595	No contractual liquidity	No contractual liquidity
Total private equity & hedge funds measured at net asset value	$ 46,355,386	39,635,280		

Investments in private equity and hedge funds are assumed to have no contractual liquidity if agreements do not permit redemptions through the term of the fund or when redemptions may be accepted periodically at the sole discretion of fund advisors. As of December 31, 2021, investments that do not permit redemptions have fund term dates extending through 2027.

8. GOVERNMENT GRANTS AND RECEIVABLES

On August 10, 2020, a derecho, a long-lasting straight-line wind event caused extensive damage to the Cooperative's electric utility plant. U.S. Federal Emergency Management Agency ("FEMA") disaster declaration FEMA-4557-DR announced the availability of federal funding on a cost-sharing basis under program CFDA 97.036 FEMA Disaster Grants – Public Assistance. As an eligible private non-profit providing critical electric power and generation services, the Cooperative is eligible to receive public assistance to reimburse a portion of the extraordinary costs incurred in the performance of emergency protective measures and permanent work required to restore damaged and destroyed electric utility plant to its pre-disaster design and function. Government grants and receivables includes $4,627,343 and $4,400,360 for eligible costs that have not yet been reimbursed as of December 31, 2021 and 2020, respectively.

Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy ("DOE") is responsible for development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. The DOE has not met its statutory obligation. In 2009, a spent fuel settlement agreement was reached which permits NEER to make annual filings on behalf of the DAEC joint owners to recover certain incurred spent fuel storage costs, which are payable by the U.S. Government on an annual basis. Government grants and receivables includes $14,247,465 and $8,285,874 for eligible costs that have not yet been reimbursed as of December 31, 2021 and 2020, respectively.

9. DAEC DECOMMISSIONING LIABILITY AND OTHER ASSET RETIREMENT OBLIGATIONS

DAEC Decommissioning Liability— NEER is responsible for planning and managing decommissioning, the cost of which is shared on a pro-rata basis by the joint owners. The Cooperative has recognized an ARO for its 20% ownership share of the estimated cost to decommission DAEC. NEER has submitted a site-specific cost estimate and plan for decontamination and decommissioning to the U.S. Nuclear Regulatory Commission (“NRC”). All spent nuclear fuel housed onsite is expected to be in long-term dry storage until the U.S. Department of Energy fulfills its legal obligation to take possession. NEER expects completion of decommissioning by approximately 2080.

The Cooperative’s funding method is designed to accumulate decommissioning funds sufficient to cover the Cooperative’s share of decommissioning costs. The total fair value of investments reserved as decommissioning funds totaled $169,015,491 and $158,203,906 at December 31, 2021 and 2020, respectively. Currently, there are no ongoing decommissioning funding requirements. However, the NRC has the authority to require additional funding in the future. The Cooperative assesses the method of funding annually and will make additional contributions to the decommissioning funds as necessary to ensure the investments are sufficient to fund the decommissioning.

Other Jointly Owned Generation Facilities—The Cooperative has recognized other ARO liabilities for its ownership share of jointly owned generation facilities. These obligations pertain to coal-combustion residuals (“CCR”) from the operation of coal-fueled generating facilities, including requirements for the operation and closure of surface impoundment and ash landfill facilities.

Fair Station Generating Facility—Fair Station generating facility retired in 2013. The ARO relating to post-closure activities and monitoring of the ash ponds located on the site was $332,259 and $353,470, which is recorded in Other AROs, as of December 31, 2021 and 2020, respectively. Post-closure decommissioning activities are expected to be complete in 2027.

The following table reconciles the beginning and ending balances of the DAEC decommissioning liability and other AROs for the years ended December 31, 2021 and 2020:

	2021		2020	
	DAEC Decommissioning Liability	Other AROs	DAEC Decommissioning Liability	Other AROs
Balance-January 1	$ 164,880,111	11,301,292	165,180,264	11,219,469
Additions	—	—	—	—
Settlements	(13,656,029)	(605,886)	(7,040,518)	(641,369)
Change in estimated costs	(3,464,067)	(319,929)	—	291,615
Accretion	6,031,884	297,389	6,740,365	431,577
Balance-December 31	$ 153,791,899	10,672,866	164,880,111	11,301,292
Expected to settle in the next twelve months	8,520,000	3,899,052	17,103,891	942,487

In 2021, the cooperative recorded a $3,464,067 reduction to the DAEC decommissioning liability related to lower estimated closure costs.

The amount expected to settle in the next twelve months for the Other AROs is reflected in Accrued property taxes and other expenses on the consolidated balance sheets as of December 31, 2021 and 2020.

Notes To Consolidated Financial Statements

10. REGULATORY ASSETS AND LIABILITY

At December 31, 2021 and 2020, regulatory assets and liability consists of the following:

	2021	2020
Regulatory asset - current		
DAEC unrecovered plant	$ 6,185,292	6,185,292
Regulatory assets		
DAEC decommissioning	—	10,484,578
DAEC unrecovered plant	37,111,752	43,297,044
	$ 37,111,752	53,781,622
Regulatory liability		
DAEC decommissioning	$ 13,714,291	—

DAEC Decommissioning—The Cooperative records a regulatory asset or liability depending on the funded status of decommissioning funds compared to the present value of the DAEC decommissioning liability. As of December 31, 2021, a regulatory liability was recorded reflecting an overfunded present value status. As of December 31, 2020, a regulatory asset was recorded reflecting an underfunded present value status. The regulatory asset or liability will be resolved by the long-term appreciation of investments designated as decommissioning funds or through future wholesale rates.

DAEC Unrecovered Plant—To address the financial impacts of DAEC early closure and maintain rate stability to members, the Cooperative established a regulatory asset which is being recovered through future wholesale rates. The regulatory asset commenced amortization in November 2020. It will be collected through future wholesale rates and amortized on a straight-line basis over an 8-year period through December 2028.

11. PATRONAGE CAPITAL AND MEMBERS' EQUITY—OTHER

The Cooperative operates on a not-for-profit basis and, accordingly, seeks to generate revenues to recover cost of service, meet its financial obligations and to establish reasonable equity reserves. Net margin is treated as advances of capital from members and is allocated annually by the Cooperative's Board of Directors. Patronage capital is allocated to members based upon their respective energy and demand purchases from the Cooperative. A portion of net margin may be declared as a current patronage dividend payable. Deferred patronage capital dividends are eligible to be distributed to members in the future, as determined by the Board of Directors, and subject to certain restrictions in the Cooperative's Indenture and the Iowa Code. Amounts allocated to deferred patronage capital are scheduled to be distributed fifteen or forty years from the date of allocation.

Membership fees and contributed capital credits represent permanent member equity in the Cooperative.

At December 31, 2021 and 2020, members' equity—other consists of the following:

	2021	2020
Unallocated margin	$ 8,951,661	16,377,037
Reserve for contingent losses	60,678,446	58,196,592
Statutory surplus	29,750,535	28,855,352
	$ 99,380,642	103,428,981

Reserve for contingent losses is an appropriation of net margin by the Board of Directors. The Board of Directors appropriated $2,481,854 and $8,597,908 to reserve for contingent losses during the years ended December 31, 2021 and 2020, respectively. There is no statutory restriction of this equity.

In accordance with Iowa Code, the Board of Directors is required to allocate a portion of the current year's net margin to statutory surplus unless such is equal to or greater than thirty percent of total membership capital. The Board of Directors appropriated $895,183 and $387,973 to statutory surplus during the years ended December 31, 2021 and 2020, respectively.

Notes To Consolidated Financial Statements

12. LONG-TERM DEBT AND LINES OF CREDIT

At December 31, 2021 and 2020, long-term debt consists of the following:

	2021	2020
FFB obligations, 1.017% to 4.932% due in quarterly principal and interest installments through 2045	$ 222,603,619	209,729,195
CFC obligations, 2.35% to 5.00% due in quarterly principal and interest installments through December 2031	46,283,389	2,138,982
CFC variable rate credit facility borrowings, 2.25% interest installments due quarterly, principal due October 23, 2023	45,000,000	45,000,000
CoBank obligations, 3.86% to 5.02% due in quarterly principal and interest installments through March 2042	64,813,924	70,054,232
CoBank variable rate obligations, 2.20% to 4.66% due in monthly principal and interest installments through March 2032	4,825,420	5,345,046
CoBank variable rate credit facility borrowings, 1.275% to 2.11% interest installments due monthly, principal due November 30, 2024	56,500,000	85,000,000
USDA and other economic development loans, 0% to 4.91% due in monthly principal and interest installments through September 2031	12,593,073	13,576,172
USDA economic development grants due upon termination of the rural economic development loan fund	4,275,000	3,675,000
Total long-term debt	456,894,425	434,518,627
Less current maturities	24,575,091	17,622,347
Total long-term debt, less current maturities	$ 432,319,334	416,896,280

Scheduled maturities of long-term debt as of December 31, 2021, are as follows:

Years ending December 31	Scheduled Maturities
2022	$ 24,575,091
2023	68,991,954
2024	80,087,491
2025	23,581,490
2026	23,368,327
Thereafter	236,290,072
Totals	$ 456,894,425

To provide for interim financing capabilities, the Cooperative has arranged revolving lines of credit. The Cooperative had available a $150,000,000 line of credit agreement with CoBank with $56,500,000 and $85,000,000 outstanding at December 31, 2021 and 2020, respectively. At the Cooperative's request, the amount available under the line of credit agreement with CoBank was reduced from $150,000,000 to $105,000,000 in January 2022. The Cooperative also had available a $40,000,000 revolving line of credit agreement with CFC with no borrowings outstanding at December 31, 2021 and 2020.

An Indenture of Mortgage, Security Agreement and Financing Statement, dated as of December 21, 2010 ("Indenture") between the Cooperative, as Grantor, to U.S. Bank National Association, as Trustee, as supplemented, provides the RUS, FFB, CFC, and CoBank as secured note holders a pro-rated interest in substantially all owned assets of the Cooperative.

The existing Indenture and certain other debt agreements contain provisions which, among other restrictions, require the Cooperative to maintain certain financial ratios. The Cooperative was in compliance with these financial ratios at December 31, 2021 and 2020.

Notes To Consolidated Financial Statements

13. INCOME TAXES

The Company's income tax expense consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Current:		
Federal	$ 775,084	183,908
State	370,210	123,685
	1,145,294	307,593
Deferred:		
Federal	900,542	(161,025)
State	428,608	(76,910)
	1,329,150	(237,935)
Total income tax expense	$ 2,474,444	69,658

Income taxes for 2021 and 2020 differ from the expense computed using the statutory rates as follows:

	2021	2020
Federal tax at the statutory rate	$ 3,543,400	5,392,500
State tax at the statutory rate	497,845	(207,716)
Tax-exempt income of Cooperative	(2,489,929)	(5,820,509)
Other, net	923,128	705,383
Total income tax expense	$ 2,474,444	69,658

Deferred tax assets and liabilities related to temporary differences between the financial statement bases and income tax bases of assets and liabilities at December 31, 2021 and 2020, are as follows:

	2021	2020
Deferred tax assets:		
Securities impairments	$ 1,143,829	968,567
Deferred compensation	—	19,821
Privately held corporations and funds	—	262,073
Other	30,502	30,502
Total deferred tax assets	1,174,331	1, 280,963
Deferred tax liabilities:		
Basis difference on fixed assets	575,476	638,408
Privately held corporations and funds	1,453,655	124,321
Unrealized gains on available-for-sale securities	665,667	709,551
Total deferred tax liabilities	2,694,798	1,472,280
Net deferred tax liability	$ 1,520,467	191,317

The Company determined there is no material liability for unrecognized tax benefits under the provisions of ASC Topic 740, *Income Taxes*. The federal statute of limitations remains open for the years 2018 and forward. Generally, tax years 2017 and forward are subject to audit by state tax authorities depending on the tax code in each jurisdiction.

Notes To Consolidated Financial Statements

14. MULTI-EMPLOYER PENSION PLAN

The Cooperative participates in a multi-employer pension plan, Hawkeye Pension Plan, Employer Identification Number: 42-1438152 and Plan No. 001 (the "Plan") which covers substantially all employees. The Plan is intended to be qualified under Section 401 of the Internal Revenue Code. Its associated trust is intended to be tax-exempt under Section 501(a) of the Internal Revenue Code.

The risks of participating in multi-employer plans are different from single-employer plans in the following aspects: (a) assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (b) if a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the multi-employer plan may be borne by the remaining participating employers; and (c) special rules apply to an employer that withdraws from the multi-employer plan, requiring the withdrawing employer to pay to the multi-employer plan an amount based on the underfunded status of the multi-employer plan.

No zone status determination is required for the Plan under the Pension Protection Act of 2006, and therefore no zone status determination has been made. The following table demonstrates the Plan's funded status and the Company's contributions to the Plan as of and for the years ended December 31, 2021 and 2020:

		Funded Status December 31,		Company Contributions	
Plan	**EIN/Plan Number**	**2021**	**2020**	**2021**	**2020**
Hawkeye Pension Plan	42-1438152 / 001	At least 80%	At least 80%	$ 3,614,000	2,301,000

Certain of the Company's contributions to the Plan are for Cooperative employees represented by a union and covered under a collective bargaining agreement. These contributions are made in accordance with the terms of the collective bargaining agreement, which requires contributions for these participants to be made in accordance with the Plan provisions. For the years ended December 31, 2021 and 2020, the Company's contributions exceeded 5% of the total contributions to the Plan by all participating employers.

15. COMMITMENTS AND CONTINGENCIES

Nuclear Insurance Program—Liability for accidents at nuclear power plants is governed by the Price-Anderson Act (the "Act"), which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. DAEC obtained an exemption from the NRC and maintains a $100 million private liability insurance limit.

DAEC participates in a nuclear insurance mutual company that provides $50 million of limited insurance coverage per occurrence for property damage, decontamination risks, and non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. In the event of an accident at DAEC, the owners could be assessed up to $7.1 million ($1.4 million for the Cooperative), plus any applicable taxes, in retrospective premiums in a policy year.

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, results of operations, and cash flows.

Capital Commitments—The Company has unfunded capital commitment agreements to certain private equity and hedge funds that may require additional investment totaling $6,629,616 as of December 31, 2021.

16. SUBSEQUENT EVENTS

On March 10, 2022 the Cooperative completed a $70.1 million long-term debt borrowing. The FFB obligation is guaranteed by the RUS and carries a fixed 2.203% interest rate with quarterly principal and interest installments through 2045. The Cooperative immediately used $45 million of the loan proceeds to pay off its CFC variable rate credit facility, and the remaining loan proceeds were used to pay down the outstanding balance of its CoBank variable rate credit facility.

The Company has evaluated subsequent events through March 25, 2022, which is the date the consolidated financial statements were available to be issued.

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