Innovative | Environmentally Responsible | Reliable | Affordable | Safe | Accountable

VALUING CHANGE

CIPCO
Central Iowa Power Cooperative
A Touchstone Energy® Cooperative

Annual Report 2016

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KEY FACTS

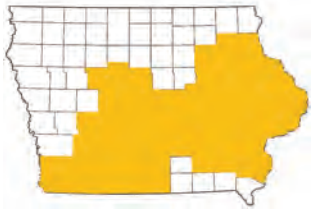
FOUNDED IN **1946**

LOCATIONS
CEDAR RAPIDS
CRESTON
DES MOINES
WILTON

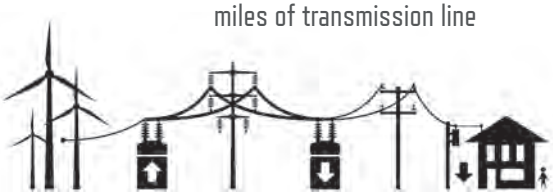
OWNERSHIP Member-owned, not-for-profit cooperative

PROFITS
Earnings above the cost of providing electric service are returned to member systems as patronage dividends

TERRITORY
Stretches 300 miles across Iowa, adjoining 12 of Iowa's largest cities and serving 58 of Iowa's 99 counties

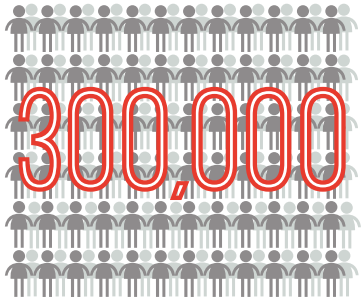


SUBSTATIONS 314 member substations and delivery points across 1,862 miles of transmission line



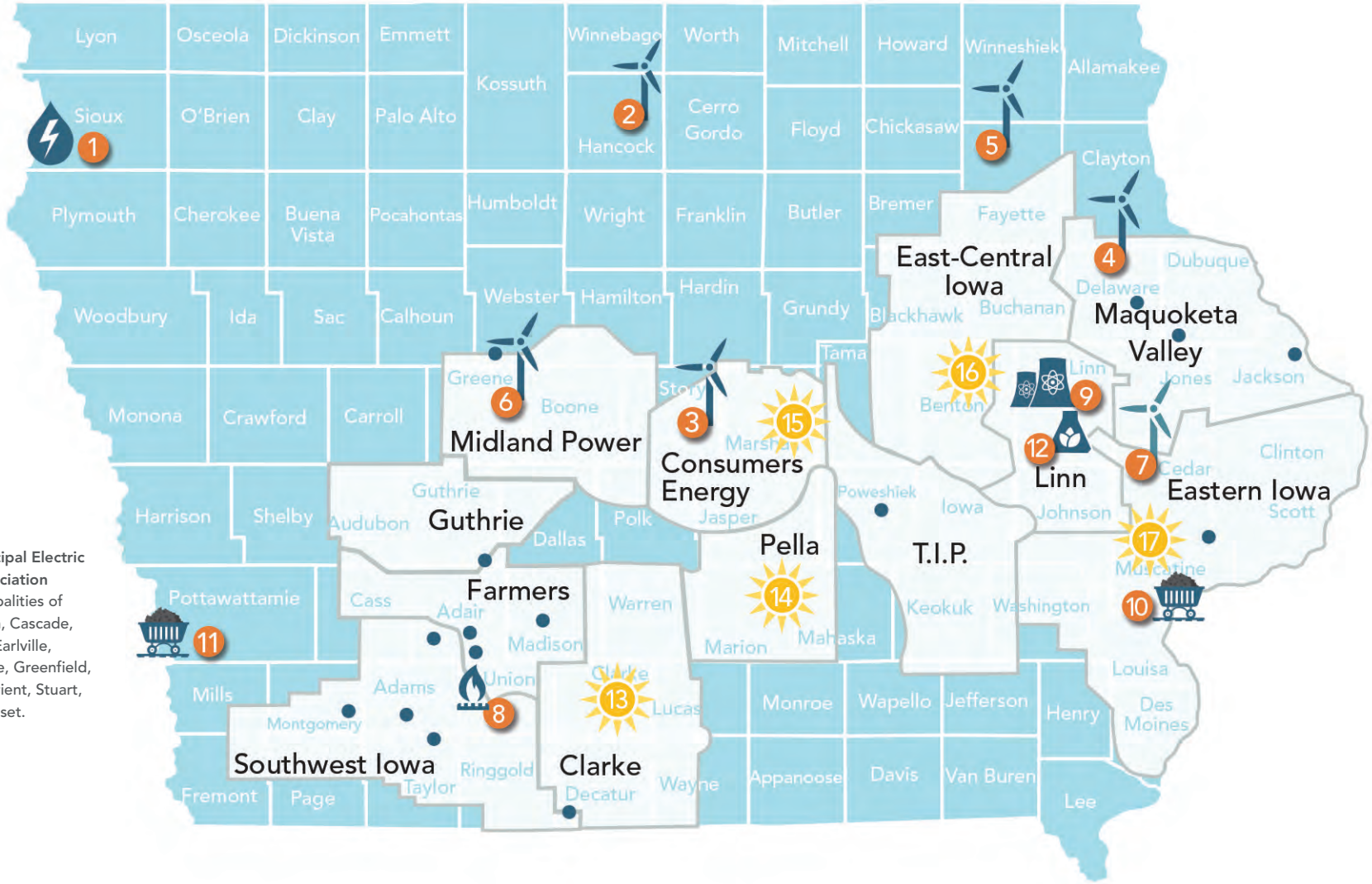
METERS
CIPCO serves 54% of the rural electric cooperative meters in Iowa

POPULATION SERVED



12,783
COMMERCIAL / INDUSTRIAL ACCOUNTS

Member Systems & Generation Facilities



● **South Iowa Municipal Electric Cooperative Association (SIMECA):** Municipalities of Bellevue, Brooklyn, Cascade, Corning, Durant, Earlville, Fontanelle, Gowrie, Greenfield, Lamoni, Lenox, Orient, Stuart, Villisca and Winterset.

1	Western Area Power Administration	Hydroelectric
2	Hancock County Wind Energy Center, Garner	Wind
3	Story County Wind Energy Center, Colo	Wind
4	Elk Wind Farm, Greeley	Wind
5	Hawkeye Wind Farm, Hawkeye	Wind
6	Rippey Wind Farm, Grand Junction	Wind
7	Pioneer Grove Wind Farm, Mechanicsville	Wind
8	Summit Lake, Creston	Natural Gas & Oil
9	NextEra Energy Duane Arnold, LLC, Palo	Nuclear
10	Louisa Generating Station, Muscatine	Coal
11	Walter Scott, Jr. Energy Center #3 & #4, Council Bluffs	Coal
12	Linn County Solid Waste Agency	Landfill Gas
13	Clarke Solar Farm, Osceola	Solar
14	ZON VELD (Sun Field), Pella	Solar
15	Marshalltown Gateway Centre Solar Array, Marshalltown	Solar
16	Urbana Solar Acres, Urbana	Solar
17	Eastern Iowa Solar, Wilton	Solar

Message from the CEO

Throughout the last decade, we've been continually confronted with change, be it in business, in our personal lives, the development of our communities and more. A constant and predominant driver of change within the electric utility industry and our own lives is technology. We've had to grow and adapt at an unprecedented rate unlike any other time in history. In the last 10 years, technological advancements have led the way in every aspect of what we do. Ten years ago both the Apple iPhone and Google's Android devices were launched, bringing immediate access to communication in the palm of our hands. Facebook became available to everyone, Twitter launched, the internet crossed the one billion user mark and sites such as change.org began impacting our lives. Combine this with the exponential growth in capacity of microchips and the development of Watson, IBM's first cognitive computer, it's no wonder industries have witnessed inordinate levels of change as well.

Despite the accelerated pace of advancement, CIPCO has remained strategic and nimble in our growth and development of the organization. CIPCO's early adoption of wind as an emission and carbon-free energy resource coupled with the implementation of the state's largest utility-scale solar project in 2016, demonstrates our ability to leverage the continual changes put forth and turn those into opportunities for growth and enhancement that supports our members. At CIPCO, we take pride in providing safe, reliable, affordable and environmentally-friendly energy to our members and in the stewardship of our business operations.

As we continue our path forward, we'll surely encounter a continual evolution of change that impacts the direction of not only our business but our industry as a whole. As change becomes a mainstay of our global economy, it's important to remember that CIPCO controls its own destiny and potential for success. Our continued strategic processes, diversification of our generation portfolio, and commitment to innovation will guide us through the next decade and beyond.

Executive Vice President & CEO

Board of Directors

Allen Albers, Secretary/Treasurer
Keystone

Duane Armstead
Greenfield

Allan Duffe
Wilton

Marcel Fett
Audubon

Nick Hammes
Asst. Secretary/Treasurer
Sigourney

Paul Heineman, President
Ogden

Roger Krug
Fairfax

Gene Manternach
Cascade

Randy Rouse
Corydon

Duane Ver Ploeg
Pella

Pat VonAhnen
Marshalltown

Dale Walkup
Redding

Dan Westphal, Vice President
Bridgewater

System Managers

David Opie
General Manager
Clarke Electric Cooperative

Steve Marlow
CEO
East-Central Iowa REC

Kirk Trede
CEO
Eastern Iowa Light & Power

Charles Dunn
EVP & General Manager
Farmers Electric Cooperative, Inc.

Cozy Nelsen
CEO
Guthrie County REC

Terry Sullivan
CEO / General Manager
Linn County REC

Jim Lauzon
CEO
Maquoketa Valley Electric Co-op

Jim Kidd
General Manager
Consumers Energy

Bill McKim
CEO
Midland Power

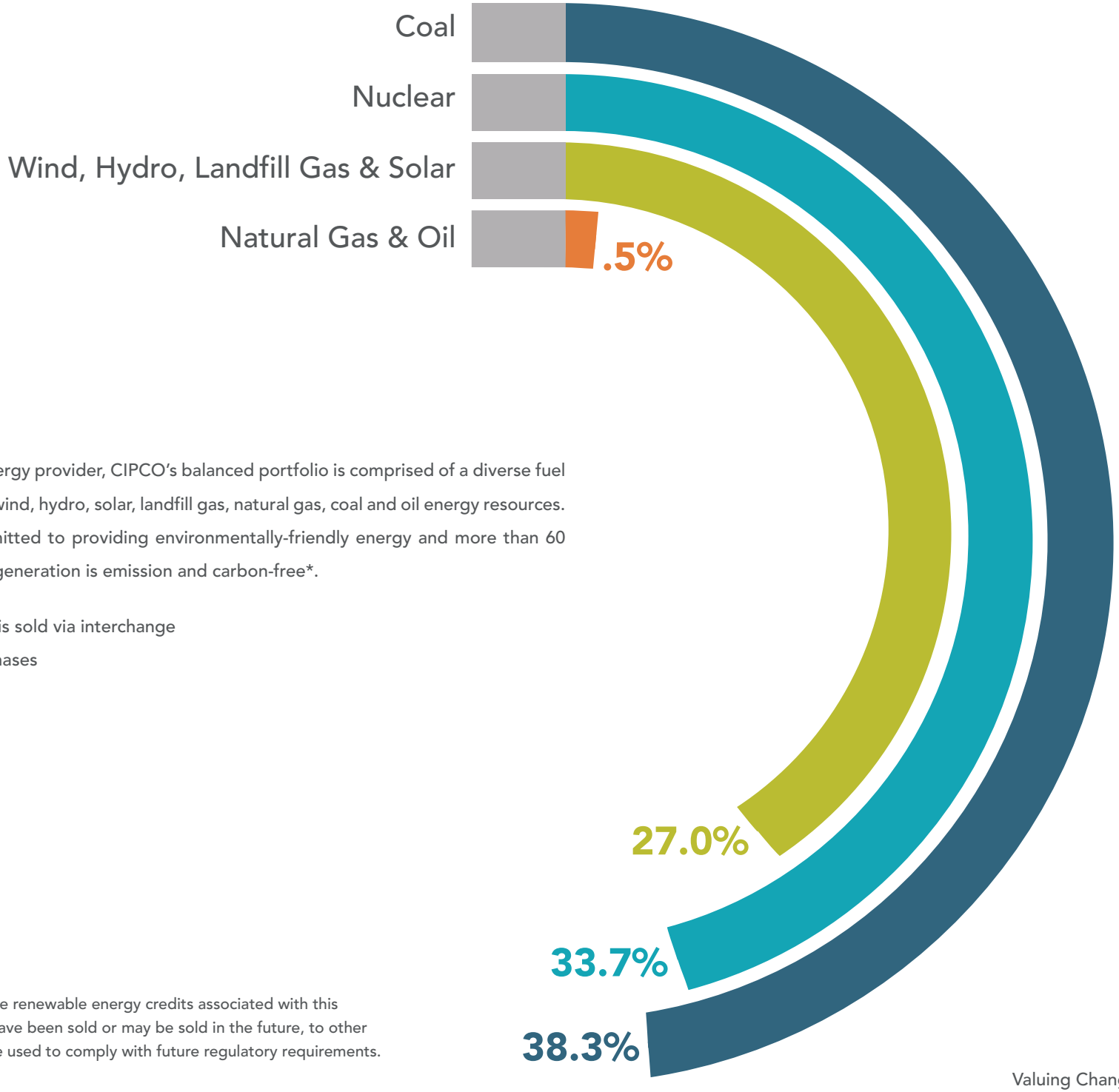
Jon Miles
CEO
Pella Cooperative Electric &
T.I.P. Rural Electric Cooperative

Emil Segebart
Chief Administrative Officer
SIMECA

Phil Kinser
CEO / General Manager
Southwest Iowa REC

** T.I.P. REC not pictured*

2016 Sources of Energy

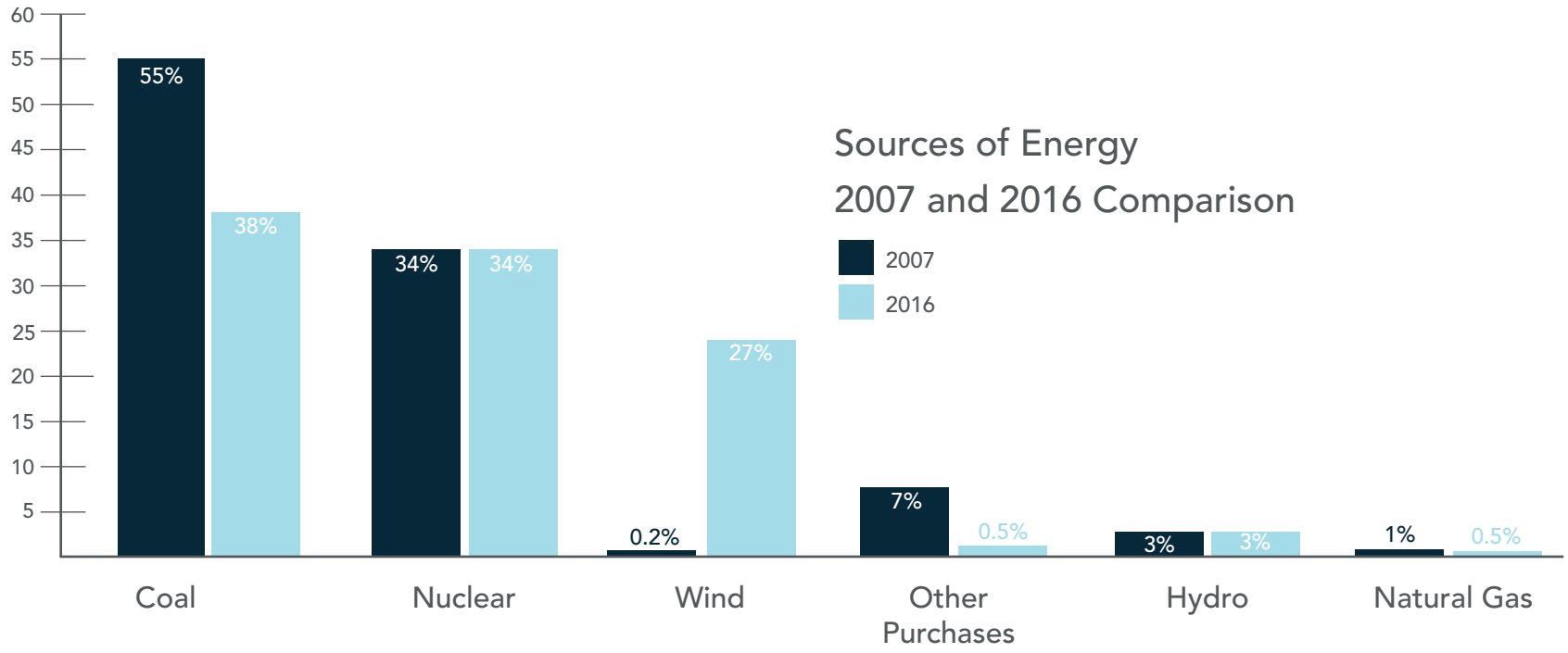


As a leading energy provider, CIPCO's balanced portfolio is comprised of a diverse fuel mix of nuclear, wind, hydro, solar, landfill gas, natural gas, coal and oil energy resources. CIPCO is committed to providing environmentally-friendly energy and more than 60 percent of our generation is emission and carbon-free*.

4.1% of supply is sold via interchange
.5% other purchases

*All or some of the renewable energy credits associated with this generation may have been sold or may be sold in the future, to other parties, or may be used to comply with future regulatory requirements.

Ten years ago, CIPCO forecasted steady load growth and had witnessed five consecutive years of wholesale rate increases for the distribution systems. During this time, the Cooperative expected an annual 3.5 percent rate increase for the foreseeable future. In preparation for growth, CIPCO had purchased a share in the new Walter Scott, Jr. Energy Center Unit Four coal plant, which came online in 2007. Additional planning began for a possible partnership with Alliant Energy at the Sutherland Four plant. Ultimately, this opportunity did not come to fruition. At the same time, CIPCO began exploring wind energy as an opportunity to further diversify the energy portfolio. This led to CIPCO's exploration of increasing the purchase of wind energy from the Hancock County Wind Energy Center.



Our Compliance

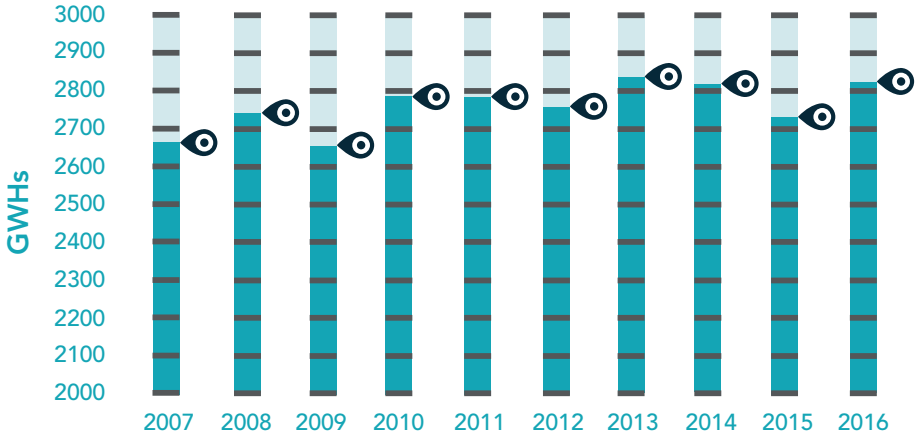
The U.S. has witnessed a continually evolving energy landscape over the last 10 years which brought significant change to our industry. In 2007, the MISO market was still in its early stages and had not yet reached the height of market management. The electric industry experienced a massive regulatory increase across multiple areas including the Mercury & Air Toxic Standards (MATS), the Clean Air Interstate Rule (CAIR) and most notably the introduction of the Clean Power Plan (CPP). In 2007, the North American Electric Reliability Corporation (NERC) standards became mandatory following years of voluntary action. Utilities, as well as all businesses across the country, were also impacted by the Dodd-Frank financial regulations and the Affordable Care Act.


Walter Scott, Jr. Energy Center, Unit 4
Council Bluffs, Iowa

The country as a whole was turned upside down by the Great Recession of 2008. The electric industry was greatly impacted by the stock market crash and plummeting interest rates. Business expansion suffered and widespread unemployment affected every industry. As a result of the rampant economic collapse, electric load growth stalled and sales flattened.

All of these changes led to transitions within CIPCO's generation resources as well. CIPCO and other utilities across the country witnessed the retirement of older, inefficient coal plants. An abundance of natural gas led to price drops and increased generation through natural gas, while new state and federal incentives drove significant expansion in wind and solar generation.

CIPCO Historical Energy Sales

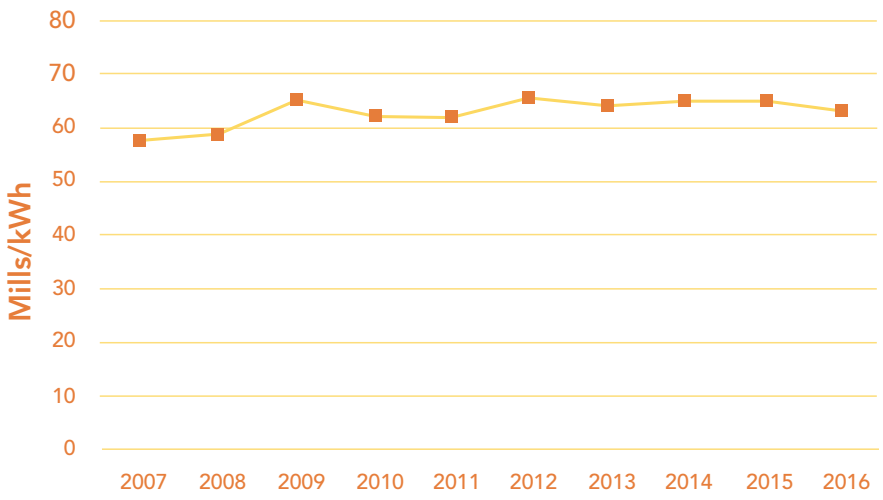


2016 Energy Sales: 2,828,807 MWh

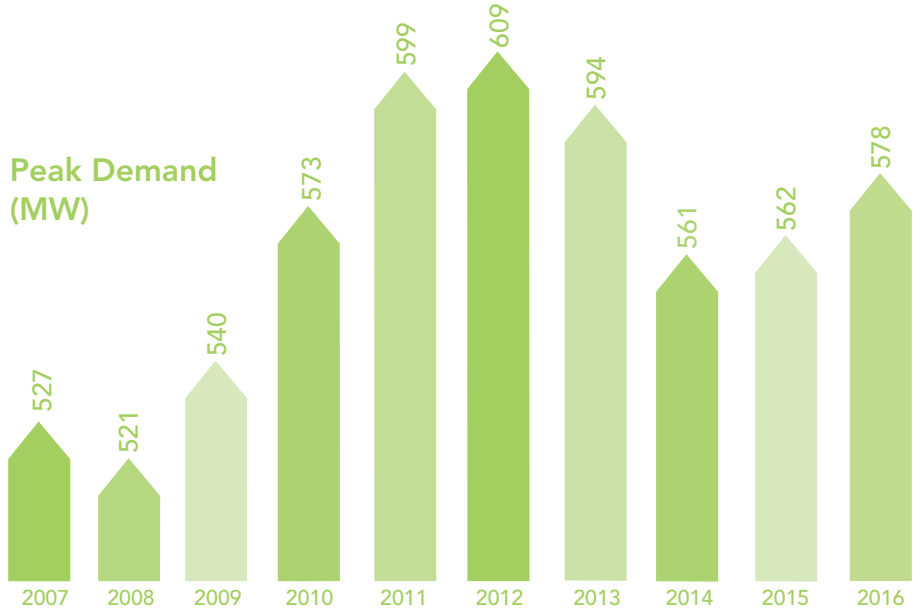
Fair Station, 1960-2013
Muscatine, Iowa

CIPCO AT A GLANCE

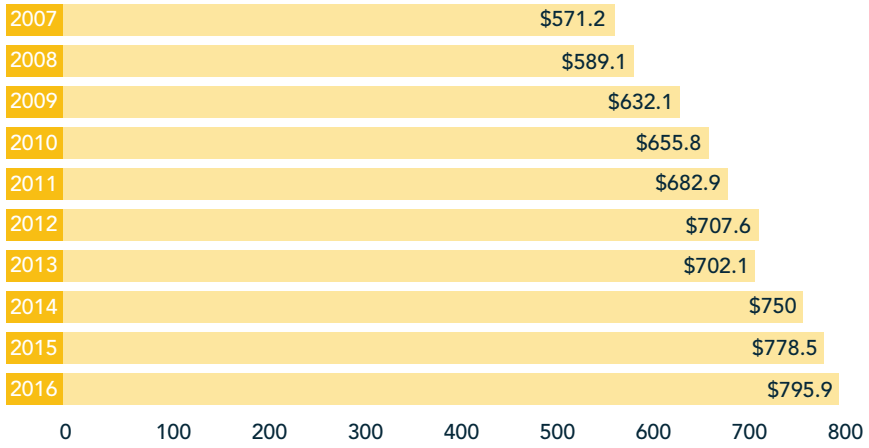
Average System Rate



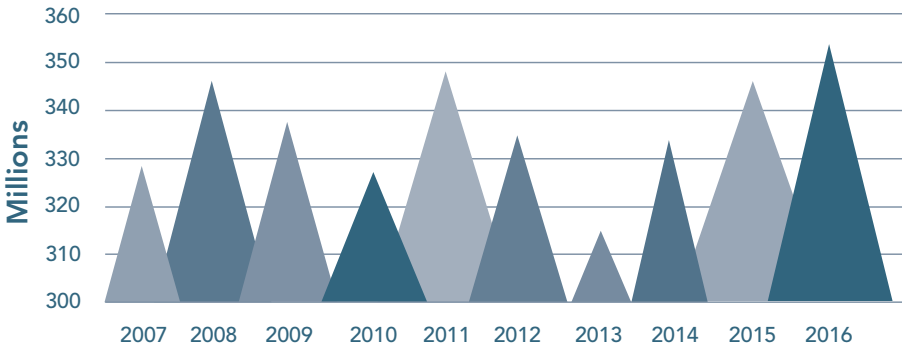
Peak Demand (MW)



Net Utility Plant (in millions)

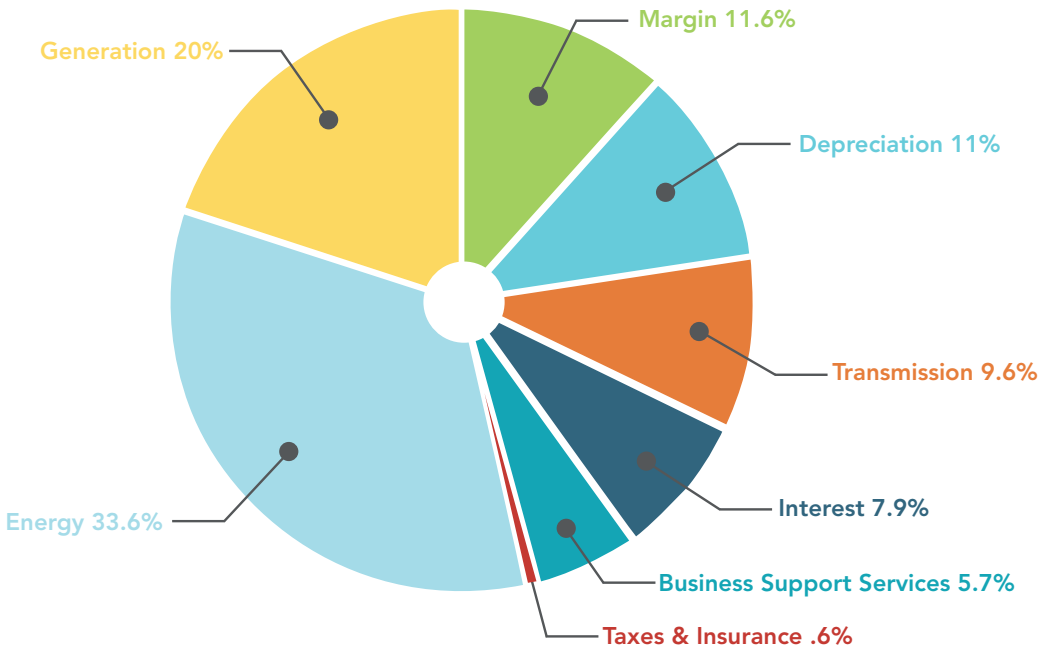


Long-term Debt



1,862	95	13	$45M
Miles of Transmission Lines	Employees	Distribution Systems	Amount CIPCO has disbursed in patronage capital, 2007-2016

2016 Operating Expenses



2016 Financial Ratios

Debt Service Coverage	1.82
Times Interest Earned Ratio	2.45
Margins for Interest	2.62
Equity to Asset Ratio	29.24%

Our View

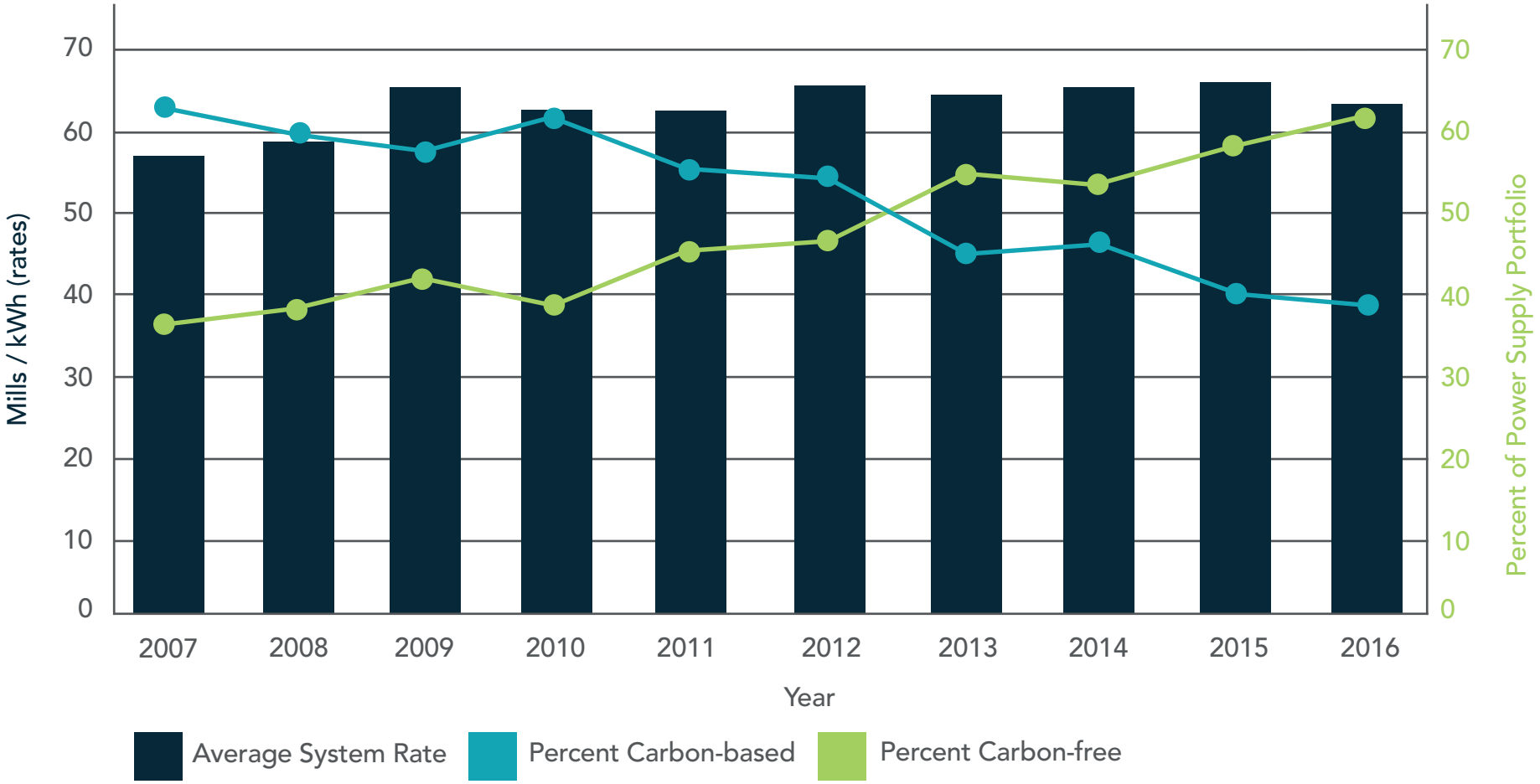
Today, CIPCO is a well-balanced, highly diversified generation and transmission cooperative focused on innovative decision making that benefits our members now and into the future. Although faced with relatively flat energy sales over the last decade, CIPCO has maintained 10 consecutive years of stable wholesale electric rates. This is primarily due to a balanced and diversified energy portfolio which consists of resources that are over 60 percent emission and carbon-free; a leader among the nation's cooperatives. CIPCO's ability to successfully react to change has created a business model focused on growth.

CIPCO has accomplished its goals throughout the last decade while meeting, and often exceeding, the deadlines for implementing new and increasingly restrictive, environmental, financial and reliability compliance standards. Throughout the process, CIPCO's financial metrics have remained strong, and the cooperative has returned patronage capital to our members year after year.

ZON VELD (Sun Field) Solar Field
Pella, Iowa

Investing in Emission and Carbon-Free Generation While Maintaining Level Wholesale Rates

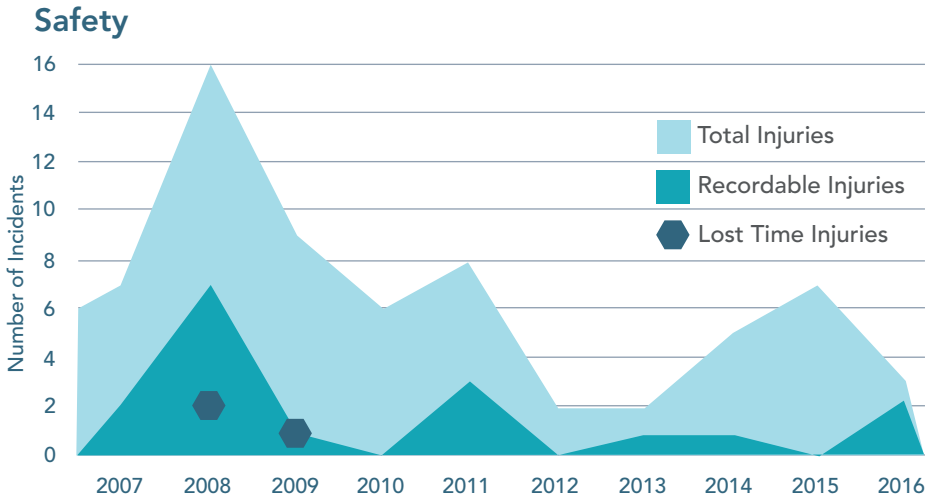
Wholesale electric rates have remained relatively flat over the past 10 years, all while CIPCO has made important investments in transmission infrastructure and diverse generation resources.



Our Responsibility

At CIPCO, we're proud of our accomplishments in safety and reliability over the last decade, and that's due to our dedicated employees who make it a priority every day. This dedication is exemplified by the fact that CIPCO has sustained no lost time injuries since 2009 and hit a milestone of 1.5 million hours worked without a recordable injury in 2016. As the Cooperative's already low total injury rates continue trending downward, our workers' compensation insurance premiums remain extraordinarily low for the industry.

CIPCO takes its responsibility towards reliability seriously. The typical lifespan for a transmission system is 60 years and CIPCO targets an average age of 30 years. The New-To-Replace-Old (NTRO) program investment has created an average transmission system age of 25 years and an average sub-transmission system age of 26 years. In the last 10 years, 472 miles of line were replaced through the initiative. The system investments have led to a continual downward trend in member outage times, one that is capped off at 0.22 hours per member in 2016 – the lowest rate since 1980.



472

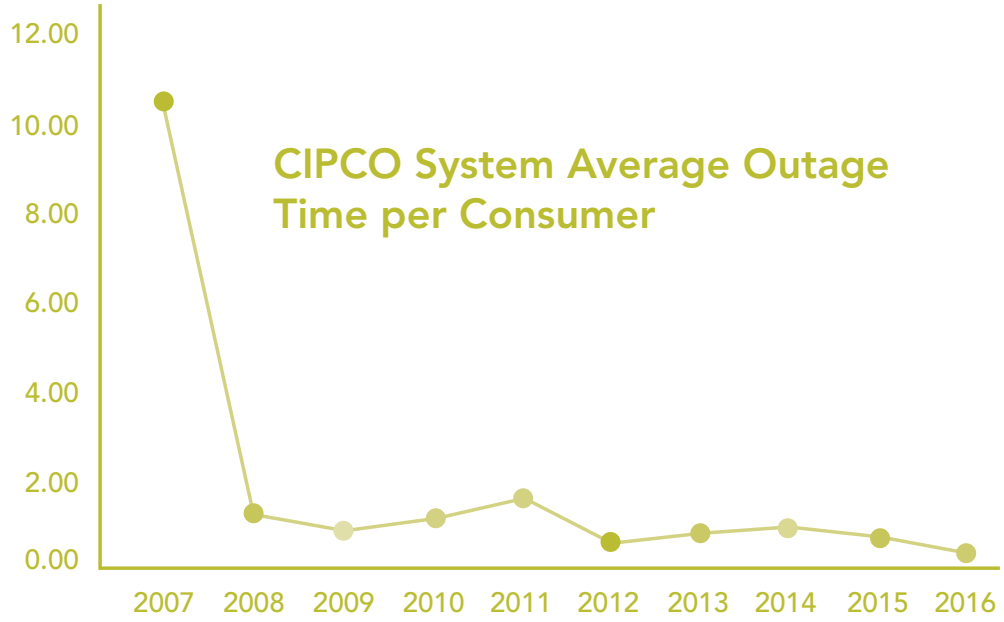
Miles of Transmission Lines Replaced Through NRTO Program

25

Average Age, in Years, of CIPCO's Transmission System

Maintaining a sound transmission system enhances CIPCO's reliability and growth capacity. CIPCO completed nearly $7.5 million in transmission projects throughout 2016. Of special note was the nearly $3 million substation needed to sustain the load growth generated by the Dakota Access Pipeline. An additional, critically important step in the creation of a strong and sustaining transmission system, is CIPCO's conversion of 34kV lines and substations to a more robust 69kV. The project will take an additional decade, but once complete, CIPCO will have retired almost half of the bulk power transformer fleet. By the end of the conversion process, the sub-transmission will have significantly increased capacity to serve load growth well into the future.

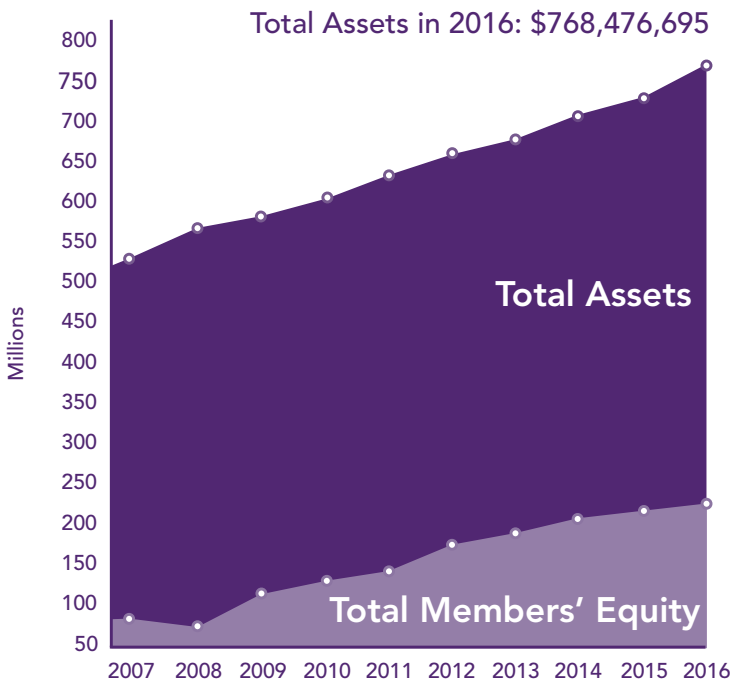
Providing balanced, high-quality, cost-effective generation for members is an important part of CIPCO's success. In 2016, over $11.8 million in generation upgrades and maintenance activities were completed. This included the well-planned refueling activities for the Duane Arnold Energy Center (DAEC). The 25th refueling of DAEC took place in 2016 with a downtime of 29 days, the shortest in history.



Valuing Financial Strength

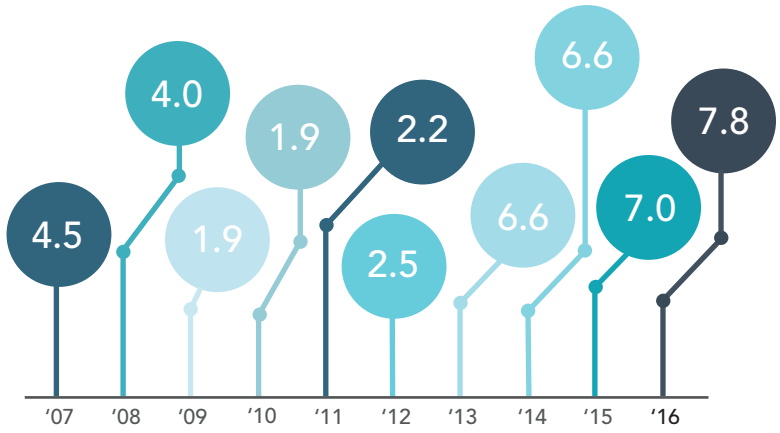
Our Commitment

As a cooperative, our members maintain a stake in everything we do, and that includes our financial strength. Preserving a strong bottom line is essential for ensuring CIPCO's ability to deliver safe, reliable and cost-effective electricity while planning financially for the future. CIPCO's commitment to a strong financial foundation has been recognized by both of our rating agencies, Fitch Ratings and Standard & Poor's, as they recently affirmed the organization's "A" rating. Fitch Ratings specifically noted that "CIPCO continues to have strong financial metrics that outperform peer medians." CIPCO takes pride in its ability to fully meet our financial obligation, support the steady increase in members' equity, and return dividends to members each and every year; $45 million over the last 10 years.



From 2007-2016, CIPCO paid more than $45 million in patronage to its members, and more than $69 million since inception.

Patronage Payments, 2007-2016 (in millions)



Valuing Economic Development

CIPCO is dedicated to sound financial investments for the betterment of the cooperative. CMA Ventures (CMAV) is a private investment firm wholly-owned and managed by CIPCO. Its mission is to make profitable and strategic growth capital investments in the Midwest, with a preference for Iowa-based companies. CMAV supports CIPCO's strategic focus on stimulating community development and enabling economic opportunity through the creation of wealth and business expansion, by cultivating a number of investments including Advanced Analytical Technologies, Innovative Lighting, Corvida Medical, Igor, Iowa Steel Fabrication, Midwest Growth Partners and more.


CoBank Rural Leadership Summit, November 2016


Iowa Steel Fabrication, Osceola

The Midwest has tremendous innovation capacity and an infrastructure that allows promising companies to succeed. As part of CIPCO's economic and growth strategies, partnerships with our subsidiaries connect these entrepreneurial activities and innovations to financial capital needs.

Valuing Energy Stewardship

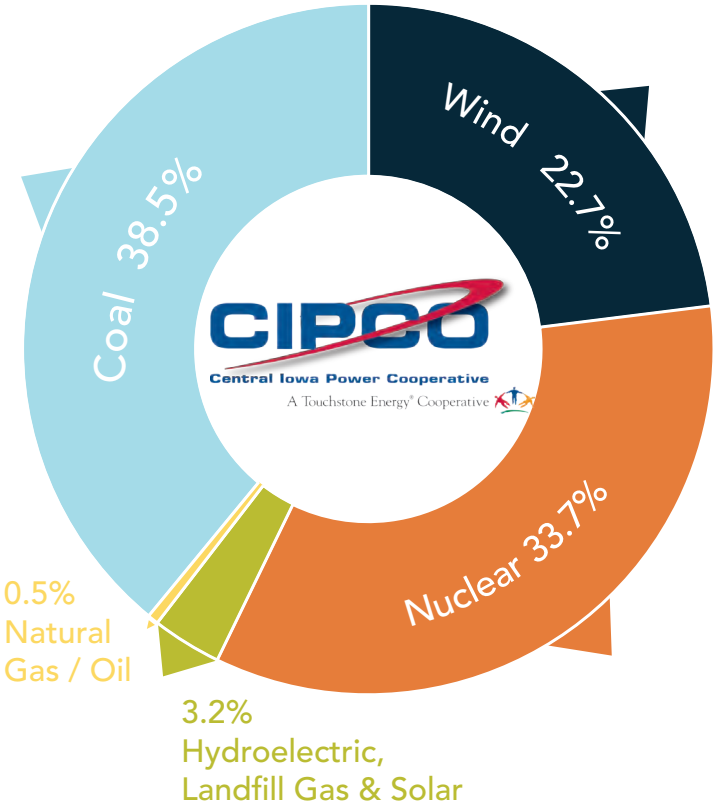
Our Promise

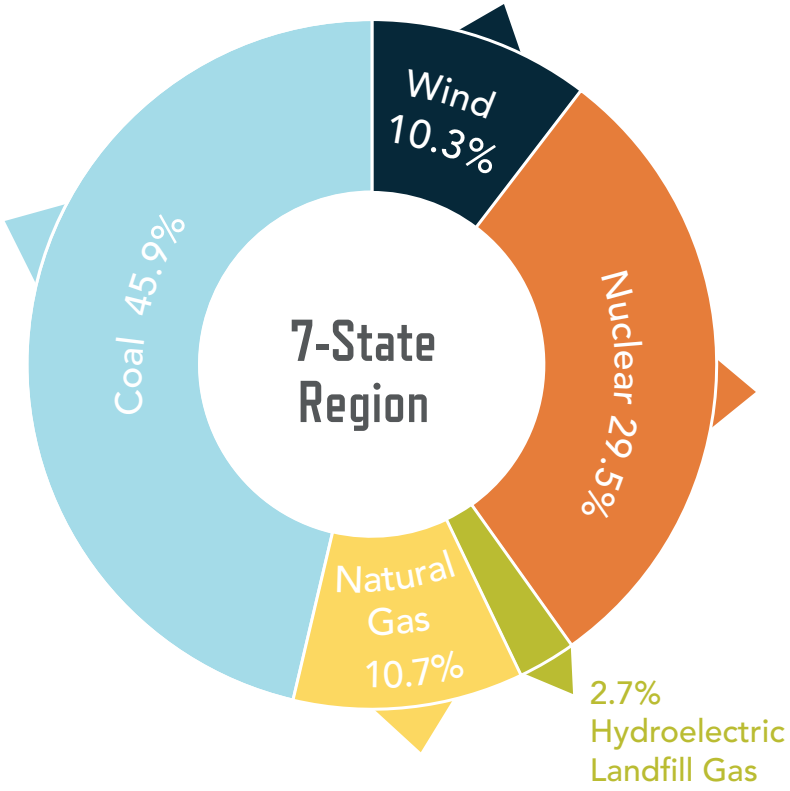
Working to decrease the amount of energy used and increase emission and carbon-free resources is important to CIPCO. Smart generation investments have led to a reversal in CIPCO's carbon exposure. The Cooperative has gone from 60 percent carbon-based in 2007 to over 60 percent carbon-free in 2016, all while meeting enhanced emission control regulations. CIPCO works hard to ensure Iowans are receiving the necessary tools for decreasing energy usage in their homes and businesses through our exceptional energy efficiency incentives program. In 2016, a $2.8 million program reduced energy usage by more than 31,522,000 kWh among our members.

CIPCO's promise to protect the system extends into technology enterprises as well. In 2016, CIPCO successfully passed an external vulnerability test, which helped verify that current security measures are working. In an effort to ensure the security of the electrical grid across the country, the North American Electric Reliability Corporation (NERC) maintains a number of standards to ensure all utilities are in compliance. In 2016, NERC released a new set of Critical Infrastructure Protection Standards. CIPCO's diligence ensured that all systems were in compliance well before the implementation date.

Emission and Carbon-Free Comparison

Over 60% of CIPCO's power supply fuel mix is emission and carbon-free compared to 43% for the 7-state region.





U.S. Department of Energy, The Energy Information Administration (EIA) EIA-923 Monthly Generation and Fuel Consumption Time Series File, 2015 December (Sources: EIA-923 and EIA-860 Reports)

Our Connections

CIPCO maintains a number of integral business partnerships to ensure the longevity of our operations while allowing us to invest in appropriate assets. A long-standing partnership with MidAmerican Energy maximizes the value of our coal assets while allowing for a diversity of ownership. CIPCO's important relationship with Alliant Energy, through an Operation and Transmission (O&T) agreement, provides CIPCO with indirect MISO market access without the burden of full membership. ITC's arrival as a transmission and O&T partner provided much-needed investment within the integrated transmission system which strengthens our reliability for members.

Over the years, CIPCO has developed a strategic partnership with ACES to provide market expertise not readily available in-house. CIPCO captures significant value from all of our business relationships while maintaining control of the cooperative's future.

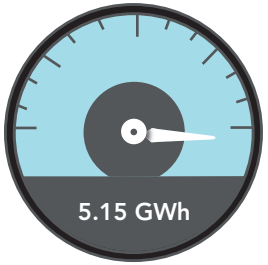
Duane Arnold Energy Center
Palo, Iowa

As a cooperative, CIPCO's primary focus is serving members throughout the system. As the distribution members recognized the need to bring solar into the mix, CIPCO led the way in 2016 with the development of a 5.5 MW utility-scale solar project, Iowa's largest. The solar initiative supports the diversification of our portfolio and recognizes that Iowans support carbon-free energy. The new system is capable of powering more than 700 homes annually. Utility-scale solar provides reliable, clean electricity generation and complements CIPCO's existing energy generation portfolio. The development and installation costs for utility-scale systems have fallen significantly in recent years creating an opportunity for CIPCO to invest in this alternative, carbon-free resource. The new generation provides CIPCO with additional resources for distributing electricity to its members, of all income levels, throughout the state of Iowa.

U.S. Congressman Dave Loebsack and Pella Cooperative Electric CEO Jon Miles at the unveiling of Zon Veld Solar Field in Pella

STEPPING UP SOLAR

Energy You Can Count On



5.15 GWh
Central Iowa Power Cooperative's combined solar generation since inception* is 5.15 GWh.

By comparison, that's...


Equivalent to the carbon offset gained by planting
90,972 trees


Equivalent to reducing methane emissions by
156 tons


Equivalent to reducing carbon dioxide emissions by
3,911 tons


Equivalent to removing
747 cars
from the roads for one year


Equivalent to reducing gasoline consumption by
399,226 gallons

** As of May 16, 2017*

Valuing Community

Our Focus

Giving back to the communities served throughout the CIPCO system is an important foundation of being a cooperative. It's about ensuring the communities and people served thrive in an ever-changing environment. In 2016, CIPCO donated $43,000 to countless organizations and charitable causes serving Iowans. Nearly 35 organizations received donations including the Governor's STEM Council, Variety Club, Linn County Fair, Character Counts, the Iowa Sports Foundation, Partners in Safety, Boone County Honor Flight and countless others.

CIPCO works in conjunction with our members in communications, information technology, human resources and member services to provide needed benefits and support. All of the Cooperative's actions are designed to support the distribution members and develop growth initiatives to ensure the economic success of the service delivery area. CIPCO and its member systems are, in fact, one utility – providing safe, reliable, affordable and environmentally-friendly electricity together.

Amazing Space at Indian Creek Nature Center
Cedar Rapids

2016 Financial Summary

Deloitte.

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USA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Central Iowa Power Cooperative and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of revenue and expenses, comprehensive income, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Iowa Power Cooperative and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 50-51 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 2009-2016 information has been subjected to the auditing procedures applied in our audits of the 2009-2016 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2009-2016 consolidated financial statements or to the 2009-2016 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such 2009-2016 information is fairly stated in all material respects in relation to the 2009-2016 consolidated financial statements as a whole. We have not audited the 2007-2008 consolidated financial statements and therefore have not subjected the 2007-2008 supplementary information to auditing procedures. Accordingly, we express no opinion on the 2007-2008 supplementary information.

Deloitte & Touche LLP

April 25, 2017

CIPCO and Subsidiaries - Consolidated Balance Sheets • December 31, 2016 and 2015

Assets	2016	2015
Electric utility plant, at cost:		
In service	$ 795,895,227	778,470,849
Less accumulated depreciation	392,703,730	378,911,081
	403,191,497	399,559,768
Construction work in progress	15,716,972	6,512,140
Nuclear fuel, at cost less accumulated amortization of $37,868,458 in 2016 and $47,919,177 in 2015	20,444,995	19,826,365
Electric utility plant, net	439,353,464	425,898,273
Railroad and nonutility property, at cost less accumulated depreciation and amortization of $1,666,332 in 2016 and $1,286,020 in 2015	7,390,023	7,786,398
Investments and notes receivable:		
Investments in associated organizations and notes receivable, net	23,784,693	24,452,418
Decommissioning funds	112,522,687	105,046,144
Other investments	66,157,577	60,738,898
Total investments and notes receivable	202,464,957	190,237,460
Current assets:		
Cash and cash equivalents	10,042,998	12,911,282
Restricted cash	22,279,794	15,683,905
Accounts receivable, members	16,454,752	14,883,796
Notes and other receivables	7,700,496	6,034,474
Fossil fuel, materials, and supplies	20,583,672	18,683,746
Prepaid expenses and interest receivable	638,460	669,767
Deferred charges	2,714,812	2,486,870
Total current assets	80,414,984	71,353,840
Regulatory assets and deferred charges	38,853,267	36,840,764
Total assets	$ 768,476,695	732,116,735

Capitalization and Liabilities	2016	2015
Capitalization:		
Members' equity:		
Membership fees	$ 1,400	1,400
Patronage capital	76,216,494	72,933,076
Accumulated other comprehensive income	5,611,433	3,877,198
Other	142,518,825	131,292,068
Total members' equity	224,348,152	208,103,742
Noncontrolling interests in subsidiaries	384,846	367,405
Total equity	224,732,998	208,471,147
Long-term debt, less current maturities	352,822,261	345,055,746
Total capitalization	577,555,259	553,526,893
Other liabilities:		
DAEC decommissioning liability	141,562,785	133,549,797
Other asset retirement obligations	6,602,910	5,976,270
Deferred income taxes	804,580	1,312,481
Total other liabilities	148,970,275	140,838,548
Commitments and contingencies	—	—
Current liabilities:		
Current maturities of long-term debt	23,406,897	20,482,763
Accounts payable	10,779,657	11,243,897
Accrued property taxes and other expenses	7,764,607	6,024,634
Total current liabilities	41,951,161	37,751,294
Total capitalization and liabilities	$ 768,476,695	732,116,735

See notes to consolidated financial statements

CIPCO and Subsidiaries - Consolidated Statements of Revenue and Expenses • Years Ended December 31, 2016 and 2015

	2016	2015
Operating revenue:		
Electric:		
Energy sales	$ 178,769,706	178,182,985
Wheeling revenue	6,557,204	6,024,495
Miscellaneous	1,889,543	1,494,233
Railroad and other	1,088,125	1,411,008
Total operating revenue	188,304,578	187,112,721
Operating expenses:		
Purchased power	40,657,306	37,537,082
Operations:		
Production plant - fuel	24,078,349	28,509,550
Production plant - other	29,430,750	28,865,623
Transmission plant	14,767,511	13,909,503
Maintenance:		
Production plant	9,079,490	12,249,525
Transmission plant	3,749,471	3,265,501
Business support services	10,946,194	11,368,111
Depreciation and amortization	21,088,682	20,553,084
Property and other taxes and insurance	1,299,910	1,279,733
Other	545,427	1,786,857
Total operating expenses	155,643,090	159,324,569
Net operating margin	32,661,488	27,788,152
Other revenue (expense):		
Investment income	4,011,383	5,720,853
Other than temporary impairment of investments	(248,557)	(1,214,730)
Net unrealized loss on investments of CMA Ventures, Inc.	(1,061,348)	(987,451)
Patronage capital allocations	1,323,380	1,106,603
Miscellaneous revenue (expense)	715,588	(132,514)
Total other revenue, net	4,740,446	4,492,761
Net margin before interest charges and income taxes	37,401,934	32,280,913
Interest charges:		
Interest on long-term debt	15,362,568	16,081,212
Allowance for borrowed funds used during construction	(199,260)	(35,525)
Net interest charges	15,163,308	16,045,687
Net margin before income taxes	22,238,626	16,235,226
Income tax benefit:		
Current income tax expense (benefit)	406,896	(113,882)
Deferred income tax benefit	(507,902)	(306,719)
Total income tax benefit	(101,006)	(420,601)
Net margin	22,339,632	16,655,827
Noncontrolling interests in subsidiaries	17,441	20,697
Net margin attributable to the Company	$ 22,322,191	16,635,130

CIPCO and Subsidiaries - Consolidated Statements of Comprehensive Income • Years Ended December 31, 2016 and 2015

	2016	2015
Net margin	$ 22,339,632	16,655,827
Other comprehensive income (loss):		
Available-for-sale securities:		
Unrealized holding net gain (loss) arising during the period (net of tax of $0 for 2016 and 2015)	3,872,928	(1,877,659)
Realized net gain reclassified to investment income (net of tax of $0 for 2016 and 2015)	(2,138,693)	(2,216,272)
Total other comprehensive income (loss)	1,734,235	(4,093,931)
Comprehensive income	24,073,867	12,561,896
Less comprehensive income attributable to noncontrolling interests	17,441	20,697
Comprehensive income attributable to the Company	$ 24,056,426	12,541,199

CIPCO and Subsidiaries - Consolidated Statements of Equity • Years Ended December 31, 2016 and 2015

	Membership Fees	Patronage Capital	Accumulated Other Comprehensive Income	Other Equity	Noncontrolling Interests	Total Equity
Balance January 1, 2015	$ 1,400	64,093,295	7,971,129	130,513,797	394,708	202,974,329
Net margin	—	—	—	16,635,130	20,697	16,655,827
Other comprehensive loss	—	—	(4,093,931)	—	—	(4,093,931)
Patronage capital paid	—	(7,017,078)	—	—	—	(7,017,078)
Patronage capital allocated	—	15,856,859	—	(15,856,859)	—	—
Distribution of earnings	—	—	—	—	(48,000)	(48,000)
Balance December 31, 2015	1,400	72,933,076	3,877,198	131,292,068	367,405	208,471,147
Net margin	—	—	—	22,322,191	17,441	22,339,632
Other comprehensive income	—	—	1,734,235	—	—	1,734,235
Patronage capital paid	—	(7,812,016)	—	—	—	(7,812,016)
Patronage capital allocated	—	11,095,434	—	(11,095,434)	—	—
Distribution of earnings	—	—	—	—	—	—
Balance December 31, 2016	$ 1,400	76,216,494	5,611,433	142,518,825	384,846	224,732,998

See notes to consolidated financial statements

CIPCO and Subsidiaries - Consolidated Statements of Cash Flows • Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin	$ 22,339,632	16,655,827
Adjustments to reconcile net margin to net cash flows provided by operating activities:		
Depreciation and amortization	21,344,315	20,865,190
Amortization of deferred charges	2,973,263	3,073,952
Amortization of nuclear fuel	7,160,032	8,033,958
Patronage capital allocations not received in cash	(313,317)	(284,352)
Other than temporary impairment of investments	248,557	1,214,730
Realized net gain on disposal of investments	(1,353,249)	(2,467,324)
Gain (loss) on disposal of electric utility plant and nonutility property	(771,054)	147,271
Net unrealized loss on investments of CMA Ventures, Inc.	1,061,348	987,451
Net gain from equity method investees	(170,754)	(153,197)
Increase in receivables	(3,425,755)	(2,758,023)
Increase in fossil fuel, materials, and supplies	(1,899,926)	(5,454,066)
Decrease (increase) in prepaid expenses and interest receivable	29,085	(367,448)
Refueling outage and other costs deferred	(4,945,115)	—
Increase in accounts payable, accrued liabilities, and other liabilities	2,453,208	66,802
Deferred income tax benefit	(507,902)	(306,719)
Other	1,950	31,500
Net cash flows provided by operating activities	44,224,318	39,285,552
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to electric utility plant	(34,285,687)	(32,261,888)
Proceeds from the sale of electric utility plant and nonutility property	965,925	10,903
Purchases of investments – decommissioning and other investments	(63,478,450)	(69,523,478)
Sales of investments – decommissioning and other investments	60,857,535	63,171,079
Deposits into restricted cash	(24,300,000)	(26,000,000)
Withdrawals of restricted cash for the purpose of retiring debt	18,729,767	25,998,259
Interest and dividend income reinvested	(1,855,387)	(2,705,264)
Purchases of nuclear fuel	(7,778,661)	(5,531,023)
Sales of investments in associated organizations	1,449,026	1,084,595
Increase in notes receivable	(275,303)	(641,000)
Net cash flows used in investing activities	(49,971,235)	(46,397,817)

	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(16,909,351)	(21,053,549)
Proceeds from long-term borrowings	48,400,000	15,756,000
Principal payments on line of credit	(144,110,000)	(109,600,000)
Proceeds from line of credit borrowings	123,310,000	126,500,000
Distribution of earnings	—	(48,000)
Patronage capital paid	(7,812,016)	(7,017,078)
Net cash flows provided by financing activities	2,878,633	4,537,373
Net decrease in cash and cash equivalents	(2,868,284)	(2,574,892)
CASH AND CASH EQUIVALENTS - Beginning of year	12,911,282	15,486,174
CASH AND CASH EQUIVALENTS - End of year	$ 10,042,998	12,911,282
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 12,816,202	15,973,691
Cash payments for taxes	$ 168,587	409,016
Purchases of electric utility plant in accounts payable	$ 2,255,911	2,830,077

1. ORGANIZATION

Central Iowa Power Cooperative (the "Cooperative") is a member-owned not-for-profit electric generation and transmission cooperative. It serves member electric service needs of twelve electric distribution cooperatives and one municipal electric cooperative association. The Cooperative's members 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. Its mission is to make strategic growth capital investments in the Midwest, with a preference for Iowa-based companies. 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. 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* ("ASC Topic 980"), 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 renewals of minor items of property (as distinguished from units of property), are charged to expense. Depreciation is provided on the basis of 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) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed of

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 the fair value of the asset. No impairment charges were recognized during the years ended December 31, 2016 and 2015.

(f) Allowance for Funds Used During Construction

Allowance for 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 2016 and 2015 were approximately 2.5% and 2.3%, respectively.

(g) Nuclear Fuel

The cost of nuclear fuel, including AFUDC, is amortized to fuel expense on the basis of the number of units of thermal energy produced in relationship to the total thermal units expected to be produced over the life of the fuel. Fully amortized spent nuclear fuel is retired two years after it is removed from the reactor.

(h) 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 5 to 44 years.

(i) Goodwill
Goodwill represents the excess of the purchase price over the fair value of CBEC's identifiable net assets acquired. The Company amortizes goodwill over a 10-year period. As of December 31, 2016 and 2015, Goodwill, net of accumulated amortization of $604,404 and $705,138, respectively is recorded within Railroad and nonutility property on the consolidated balance sheets. Amortization of $100,734 has been recorded for 2016 and 2015. The Company performs a goodwill impairment evaluation only when indicators of potential impairment exist and, if necessary, will record an adjustment to the carrying value of its goodwill at that time.

(j) Investments
The Company determines the appropriate classification of investments in debt and equity securities at the acquisition date and re-evaluates the classification at each balance sheet date. Investments in marketable debt and equity securities are classified as available-for-sale and reported at fair value. All realized and unrealized gains and losses on investments within the decommissioning funds are included in the DAEC decommissioning regulatory asset. Net unrealized gains and certain unrealized losses relating to the Cooperative's other marketable securities are reported in members' equity until realized. Net realized and unrealized gains and losses on CMAV's investments are reported in the consolidated statements of revenue and expenses in accordance with accounting principles generally accepted in the United States of America for investment companies.

The Cooperative hires active portfolio managers in certain investment classes. These managers have discretion in regard to routine transactions to buy and sell individual securities within the portfolios they manage. Therefore, the Cooperative cannot assert the ability to hold individual securities under management with declines in fair value below cost for a period of time sufficient to allow for the anticipated recovery of fair value, which may be maturity. Unrealized losses for individual securities under management are deemed to be other-than-temporarily impaired irrespective of the size or duration of the unrealized loss. These losses are reflected in other-than-temporary impairment of investments in the consolidated statements of revenue and expenses.

Certain investments in privately held corporations and private equity funds are carried at cost and assessed for impairment annually.

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.

(k) 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 in order 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.

(l) 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.

(m) Restricted Cash
Restricted cash represents funds restricted for future periodic principal and interest payments of long-term debt issued by the RUS or guaranteed by Federal Financing Bank ("FFB") in accordance with the Rural Electrification Act of 1936. Restricted cash is separately presented on its own financial statement line item within the consolidated balance sheets.

(n) Fossil Fuel, Materials, and Supplies
Fossil fuel (primarily coal), and materials and supplies are stated at average cost.

(o) 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, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. 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 any revisions to the original estimate of undiscounted cash flows (with corresponding adjustments to utility plant) and for accretion of the ARO liability due to the passage of time. Changes in estimates could occur for a number of reasons, including changes in laws and regulations, plan revisions, inflation and changes in the amount and timing of the expected decommissioning activities.

(p) Revenue Recognition
Revenue from energy sales is recognized when energy is delivered. Rates on energy sales are approved by the board of directors and designed to recover costs of service. Other operating revenue is recognized for wheeling, rent, railroad and other when services are performed.

(q) Accounting for Energy Contracts
The Cooperative has entered into long-term contracts to purchase energy and capacity from various emission and carbon-free generation sources. These contracts are settled by physical delivery, among other criteria, and are designated as normal purchase contracts as they qualify for the exception afforded by GAAP. Settled amounts are recognized as purchased power in the consolidated statements of revenue and expenses.

(r) 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.

(s) Recently Issued Accounting Standards Updates
In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. As permitted, the Company early adopted this ASU effective January 1, 2016. Consistent with the amendments in the ASU, this adoption has been applied retrospectively to all periods presented. Thus, all investments measured using the net asset value per share practical expedient have been removed from the fair value hierarchy and related disclosures for all periods presented. Adoption of ASU 2015-07 had no effect on the Company's statements of financial position, results of operations, or cash flows.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes,* which requires entities to present deferred tax assets (DTAs) and deferred tax liabilities (DTLs) as noncurrent in a classified balance sheet. As permitted, the Company early adopted this ASU effective January 1, 2016. This adoption has been applied retrospectively to all periods presented. All deferred tax balances are presented as noncurrent in the consolidated balance sheet. Adoption of ASU 2015-17 had no effect on the Company's statements of financial position, results of operations or cash flows.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments.* This guidance amends ASC 230, *Statement of Cash Flows,* to address the classification of eight specific cash flow issues within the statement of cash flows with the objective of reducing the existing diversity in practice. As permitted, the Company early adopted this ASU effective January 1, 2016. Consistent with the requirements of the ASU, the Company made an accounting policy election to classify distributions received from equity method investments under the cumulative-earnings approach. This adoption has been applied retrospectively to all periods presented. Adoption of ASU 2016-15 had no effect on the Company's cash flows.

In May 2014, the FASB issued ASU 2014-09, which creates ASC Topic 606, *Revenue from Contracts with Customers* and supersedes ASC Topic 605, *Revenue Recognition.* The guidance replaces industry-specific guidance and establishes a single five-step model to identify and recognize revenue. The core principle of the guidance is that an entity should recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Additionally, the guidance requires the entity to disclose further quantitative and qualitative information regarding the nature and amount of revenues arising from contracts with customers, as well as other information about the significant judgments and estimates used in recognizing revenues from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year to annual reporting periods beginning after December 15, 2018. During 2016, the FASB issued several ASUs that clarify the implementation guidance for ASU No. 2014-09 but do not change the core principle of the guidance. Early application is permitted for annual reporting period beginning after December 15, 2016. This guidance may be adopted retrospectively or under a modified retrospective method where the cumulative effect is recognized at the date of initial application. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities,* which amends the guidance in GAAP on the classification and measurement of financial instruments. Although this ASU retains many current requirements, it significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. This ASU also amends certain disclosure requirements associated with the fair value of financial instruments. This ASU is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

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, 2019, with early adoption permitted, and is required to be adopted using a modified retrospective approach. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

In November 2016, FASB issued ASU No. 2016-18, which amends ASC Topic 230, *Statement of Cash Flows.* The amendments in this guidance require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and is required to be adopted using a retrospective approach. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

(t) Subsequent Events

The Company has evaluated subsequent events through April 25, 2017, which is the date the consolidated financial statements were available to be issued, and determined that there are no events that require adjustment to, or disclosure in, these consolidated financial statements.

3. Electric Utility Plant in Service

The major classes of electric utility plant in service at December 31, 2016 and 2015 and depreciation and amortization for 2016 and 2015 are as follows:

	Cost		Depreciation & Amortization		Composite Depreciation Rates
	2016	2015	2016	2015	%
Production plant	$ 488,827,539	478,490,885	11,876,417	11,920,472	1.64 - 3.10%
Transmission plant	284,055,709	278,511,841	7,487,283	7,086,928	2.75
Distribution plant	454,256	454,256	3,563	3,563	2.75
General plant	18,022,409	16,478,553	1,150,437	1,024,721	3.00 - 33.33
Intangible plant	4,535,314	4,535,314	178,450	178,450	4.00 - 10.00
Electric utility plant in service	$ 795,895,227	778,470,849	20,696,150	20,214,134	

4. Jointly Owned Electric Utility Plant

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.

The following table provides the net balance recorded in the Electric Utility Plant in Service by facility at December 31, 2016:

Facility	Percentage Ownership	Capacity MW	Electric Utility Plant in Service-Net
DAEC	20.0%	124	$ 70,070,228
Walter Scott Energy Center Unit No. 3	11.5	83	32,604,073
Walter Scott Energy Center Unit No. 4	9.5	78	87,912,956
Louisa Generating Station	4.6	34	11,692,030

5. Investments and Notes Receivable

As of December 31, 2016 and 2015, investments and notes receivable consisted of the following:

	2016	2015
Investments in associated organizations and notes receivable		
Capital term certificates	$ 5,229,782	5,229,782
Investments in associated organizations	7,432,416	7,123,600
Notes receivable	11,122,495	12,099,036
	23,784,693	24,452,418
Decommissioning funds		
Investments - decommissioning trust	60,672,615	56,396,379
Investments - internal decommissioning trust	51,850,072	48,649,765
	112,522,687	105,046,144
Other investments		
Invested reserves	57,733,394	53,577,139
Equity in privately held companies and funds	5,904,186	5,547,516
Equity method investments	2,519,997	1,614,243
	66,157,577	60,738,898
Total investments and notes receivable	$ 202,464,957	190,237,460

Capital term certificates are issued by National Rural Utilities Cooperative Finance Corporation ("CFC") and currently bear interest at 3% to 5% maturing between 2020 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 consist primarily of economic development notes receivable of $9,962,192 and $11,405,000 at December 31, 2016 and 2015, respectively. The notes receivable have interest rates between 0% and 4.91% and have contractual maturity dates through December 2025. 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. There were no impairment losses recognized during the years ended December 31, 2016 and 2015. As of December 31, 2016 and 2015, the Company had established an allowance for doubtful accounts of $146,200 and $144,250, 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.

5. Investments and Notes Receivable (continued)

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, 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.

Invested reserves consist primarily of U.S. domestic equities, international equities, REITs, mutual funds, government securities, and private equity funds, which are carried at fair value or NAV with net unrealized gains and certain unrealized losses reported in members' equity until realized.

Equity in privately held corporations and funds includes common and preferred stock of privately held corporations, and other private equity funds. 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.

Available-For-Sale Securities - As of December 31, 2016 and 2015, investments classified as available-for-sale (including investments in equity securities that have readily determinable fair values and all investments in debt securities) within decommissioning funds and other investments consisted of the following:

	Available-for-sale Securities			
December 31, 2016	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Market Value**
Cash equivalents	$ 8,025,122	—	—	8,025,122
Equities	111,666,874	18,568,138	(2,000,170)	128,234,842
Fixed income	12,882,975	28,371	(345,826)	12,565,520
Totals	$ 132,574,971	18,596,509	(2,345,996)	148,825,484

	Available-for-sale Securities			
December 31, 2015	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Market Value**
Cash equivalents	$ 5,911,445	—	—	5,911,445
Equities	108,361,481	16,524,710	(3,480,809)	121,405,382
Fixed income	12,339,237	—	(673,701)	11,665,536
Totals	$ 126,612,163	16,524,710	(4,154,510)	138,982,363

5. Investments and Notes Receivable (continued)

Unrealized Losses - The following tables show the gross unrealized losses and fair value of the Company's investments with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

	LESS THAN 12 MONTHS			12 MONTHS OR GREATER			TOTAL		
December 31, 2016	No. of Positions	Fair Value	Unrealized Losses	No. of Positions	Fair Value	Unrealized Losses	No. of Positions	Fair Value	Unrealized Losses
Equities	34	$ 11,558,544	(463,955)	13	9,602,508	(1,536,215)	47	21,161,052	(2,000,170)
Fixed income	4	2,017,933	(36,378)	7	8,606,077	(309,448)	11	10,624,010	(345,826)
Totals	38	$ 13,576,477	(500,333)	20	18,208,585	(1,845,663)	58	31,785,062	(2,345,996)

	LESS THAN 12 MONTHS			12 MONTHS OR GREATER			TOTAL		
December 31, 2015	No. of Positions	Fair Value	Unrealized Losses	No. of Positions	Fair Value	Unrealized Losses	No. of Positions	Fair Value	Unrealized Losses
Equities	37	$ 12,475,806	(1,503,032)	12	4,700,178	(1,977,777)	49	17,175,984	(3,480,809)
Fixed income	7	4,488,410	(229,728)	5	7,039,406	(443,973)	12	11,527,816	(673,701)
Totals	44	$ 16,964,216	(1,732,760)	17	11,739,584	(2,421,750)	61	28,703,800	(4,154,510)

In evaluating for other-than-temporary impairment, the Company considers its intent and ability to hold these investments for a period of time sufficient to allow for the anticipated recovery in the fair value of these investments, which may be maturity, the severity of the decline, and the length of time and extent to which fair value has been below cost. The Company does not consider these investments to be other-than-temporarily impaired as of December 31, 2016 and 2015.

6. Fair Value Measurements

ASC Topic 820, *Fair Value Measurement* ("ASC Topic 820") 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.

Transfers between levels within the fair value hierarchy occur when there is a change in the observability of significant inputs. This may occur between Level 1 and Level 2 when the availability of quoted prices changes, or when market activity significantly changes to active or inactive. A transfer between Level 2 and Level 3 generally occurs when the underlying inputs become, or can no longer be, corroborated with market observable data. The Company's policy is to recognize all transfers at the end of each reporting period.

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—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.

6. Fair Value Measurements (continued)

The following tables present assets that are measured at fair value on a recurring basis as of December 31, 2016 and 2015:

		Fair Value Measurements as of December 31, 2016		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 8,025,122	8,025,122	—	—
Mutual funds:				
Domestic equities	900,913	900,913	—	—
International equities	19,820,607	19,820,607	—	—
Fixed income	12,422,347	12,422,347	—	—
Equities:				
Domestic	71,079,636	71,079,636	—	—
International	10,705,918	10,705,918	—	—
REITs	14,164,731	14,164,731	—	—
Exchange traded funds	11,563,037	11,563,037	—	—
Government securities	143,173	—	143,173	—
Subtotal	148,825,484	148,682,311	143,173	—
Private equity and hedge funds measured at net asset value	21,430,597			
Total	$ 170,256,081			

6. Fair Value Measurements (continued)

		Fair Value Measurements as of December 31, 2015		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 5,911,445	5,911,445	—	—
Mutual funds:				
Domestic equities	2,255,862	2,255,862	—	—
International equities	17,018,616	17,018,616	—	—
Fixed income	11,527,816	11,527,816	—	—
Equities:				
Domestic	74,565,283	74,565,283	—	—
International	10,421,789	10,421,789	—	—
REITs	16,932,298	16,932,298	—	—
Exchange traded funds	211,534	211,534	—	—
Government securities	137,720	—	137,720	—
Subtotal	138,982,363	138,844,643	137,720	—
Private equity and hedge funds measured at net asset value	19,640,920			
Total	$ 158,623,283			

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, 2016 and 2015:

Alternative Investment Strategy	2016	2015	Redemption Frequency	Redemption Notice Requirements
Private equity and hedge funds	$ 5,099,664	5,011,721	Allowed quarterly	Varies from 65-90 days
Private equity and hedge funds	2,104,331	2,140,557	Allowed at least semi-annually	Varies from 30-95 days
Private equity and hedge funds	2,806,991	2,712,389	Allowed at least annually	90 calendar days plus 5 business days
Private equity and hedge funds	11,419,611	9,776,253	No contractual liquidity	No contractual liquidity
Total private equity and hedge funds measured at net asset value	$21,430,597	19,640,920		

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, 2016, investments that do not permit redemptions have fund term dates extending through 2027.

7. DAEC Decommissioning Liability and Other Asset Retirement Obligations

DAEC Decommissioning Liability—The Cooperative has recognized an ARO for its 20% ownership share of the estimated cost to decommission DAEC. Estimated costs are based upon the site-specific study costs for license termination, spent fuel and greenfield activities. The estimated cash flows for post-closure decommissioning costs are assumed to commence upon the termination of DAEC's extended operating license, approved by the Nuclear Regulatory Commission ("NRC"), which extends through 2034. The Cooperative's funding method is designed to accumulate decommissioning funds sufficient to cover the Cooperative's share of decommissioning costs upon the termination of the extended operating license. The total fair value of investments reserved as decommissioning funds totaled $112,522,687 and $105,046,144 at December 31, 2016 and 2015, respectively. 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 byproducts from the operation of coal-fueled generating facilities, including requirements for the operation and closure of surface impoundment and ash landfill facilities. Estimated costs are based upon detailed engineering calculations of the amount and timing of future cash spending for a third party to perform the required work.

Fair Station Generating Facility—Fair Station generating facility was shutdown in November 2013. Following the shutdown, the Company commenced the process of demolishing and remediating the generating site. In 2015, the process to return the generating site to a green-field state was completed. The Company elected to expense all of the costs relating to the facility demolition and site remediation in the amount of $1.2 million, which was included in Other operating expenses on the consolidated statement of revenue and expenses, for the year ended December 31, 2015. The ARO relating to post-closure activities and monitoring of the ash ponds located on the site had a balance of $429,176 and $899,380, which is recorded in Other AROs, as of December 31, 2016 and 2015, respectively.

The following table reconciles the beginning and ending balances of the DAEC decommissioning liability and other AROs for the years ended December 31, 2016 and 2015:

	2016		2015	
	DAEC Decommissioning Liability	Other AROs	DAEC Decommissioning Liability	Other AROs
Balance as of January 1	$ 133,549,797	6,488,007	125,990,374	4,146,652
Additions	—	—	—	—
Settlements	—	(652,772)	—	(352,180)
Other revisions, net	—	940,287	—	2,693,535
Accretion	8,012,988	—	7,559,423	—
Balance as of December 31	$ 141,562,785	6,775,522	133,549,797	6,488,007

The balance of Other AROs in the table above includes $172,612 and $511,737 at December 31, 2016 and 2015, respectively, of asset retirement obligations expected to settle in the next twelve months. The amount expected to settle in the next twelve months is reflected in Accrued Property Taxes and Other Expenses on the consolidated balance sheets as of December 31, 2016 and 2015.

8. Regulatory Assets and Deferred Charges

At December 31, 2016 and 2015, regulatory assets and deferred charges consists of the following:

		2016	2015
Deferred Charges			
Deferred refueling costs	$	2,714,812	2,486,870
Regulatory assets and deferred charges			
DAEC decommissioning		32,533,959	31,997,514
DAEC deferred depreciation		4,550,398	4,818,250
Deferred refueling costs and other		1,768,910	25,000
	$	38,853,267	36,840,764

Deferred Refueling Costs—Deferred charges consist principally of costs associated with refueling outages at DAEC. These costs are amortized to expense based on the estimated generation of the next fuel cycle, which corresponds to the period the Cooperative recovers such costs in its rates.

DAEC Decommissioning—The Cooperative has recorded a regulatory asset related to the DAEC decommissioning liability. This regulatory asset is the difference between the decommissioning liability and the fair value of investments designated as decommissioning funds.

DAEC Deferred Depreciation—The Cooperative previously established a regulatory asset relating to the deferral of DAEC depreciation expense until the extension of the plant operating license had been approved by the NRC. The operating license extension was approved in December 2010. Upon approval, the Cooperative began amortizing the assets over the remaining term of the operating license, which extends through 2034.

9. Patronage Capital and Members' Equity—Other

Net margin is allocated annually to patronage capital and members' equity – other by the Cooperative's Board of Directors. A portion of net margin may be declared as a current patronage dividend payable. Non-current patronage capital allocations are scheduled to be distributed fifteen or forty years from the date of allocation. Patronage capital is eligible to be distributed to members in the form of patronage dividends in the future, as determined by the Board of Directors, and subject to certain restrictions in the Cooperative's Indenture and the Iowa Code.

9. Patronage Capital and Members' Equity—Other (continued)

At December 31, 2016 and 2015, members' equity—other consists of the following:

		2016	2015
Unallocated margin	$	22,322,191	16,635,130
Reserve for contingent losses		57,687,099	57,051,969
Statutory surplus		26,987,352	26,987,352
Contributed capital credits		35,522,183	30,617,617
	$	142,518,825	131,292,068

Reserve for contingent losses is an appropriation of unallocated margin by the Board of Directors. The Board of Directors appropriated $635,131 and $0 to reserve for contingent losses during the years ended December 31, 2016 and 2015, 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. No allocation to statutory surplus was required or approved by the Board of Directors in 2016. The Board of Directors approved reallocating $4,000,000 from reserve for contingent losses to surplus during the year ended December 31, 2015.

Members may elect to receive, as a current patronage divided, their forty-year deferred patronage allocation on a discounted basis. The difference between the patronage allocated to the forty-year deferral period and the cash distributed to the member on a discounted basis, as a result of the member election, is considered a contribution to capital. The increase in contributed capital credits as a result of such election by members was $4,904,566 and $6,143,141 during the years ended December 31, 2016 and 2015, respectively.

10. Long-Term Debt and Lines of Credit

At December 31, 2016 and 2015, long-term debt consists of the following:

	2016	2015
FFB obligations, 1.945% to 10.584% due in monthly principal and interest installments through 2045	$ 250,773,409	212,941,203
RUS obligations, 5.50% to 5.875% due in quarterly principal and interest installments through June 2031	6,391,408	6,673,492
CFC obligations, 3.30% to 5.00% due in quarterly principal and interest installments through June 2023	7,448,391	8,845,212
CoBank obligations, 4.25% to 5.02% due in quarterly principal and interest installments through March 2042	61,780,169	65,373,418
CoBank variable rate obligations, 1.98% to 4.66% due in monthly principal and interest installments through March 2032	7,202,874	7,617,049
CoBank variable rate credit facility borrowings, 1.8375% to 2.77% interest installments due monthly, principal due November 20, 2020	32,400,000	53,200,000
USDA and other economic development loans, 0% to 4.91% due in monthly principal and interest installments through November 2031	7,757,907	8,413,135
USDA economic development grants due upon termination of the rural economic development loan fund	2,475,000	2,475,000
Total long-term debt	376,229,158	365,538,509
Less current maturities	23,406,897	20,482,763
Total long-term debt, less current maturities	$ 352,822,261	345,055,746

As of December 31, 2016 and 2015, the Company estimated the fair value of its long-term debt as $402,000,000 and $400,000,000, respectively. Fair value was estimated based on the current RUS borrowing rates or current rates offered by the respective lenders for comparable term debt.

10. Long-Term Debt and Lines of Credit (continued)

Scheduled maturities of long-term debt as of December 31, 2016, are as follows:

Years ending December 31	Scheduled Maturities
2017	$ 23,406,897
2018	18,846,119
2019	18,477,969
2020	50,202,492
2021	17,688,468
Thereafter	247,607,213
Totals	$ 376,229,158

To provide for interim financing capabilities, the Cooperative has arranged revolving lines of credit. The Cooperative had available a $105,000,000 line of credit agreement with CoBank with $32,400,000 and $53,200,000 outstanding at December 31, 2016 and 2015, respectively. The Cooperative also had available a $40,000,000 revolving line of credit agreement with CFC with no borrowings outstanding at December 31, 2016 and 2015.

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. Management believes the Cooperative was in compliance with these financial ratios at December 31, 2016 and 2015.

11. Income Taxes

The Company's income tax (benefit) expense consists of the following for the years ended December 31, 2016 and 2015:

		2016	2015
Current:			
Federal	$	320,369	(111,399)
State		86,527	(2,483)
		406,896	(113,882)
Deferred:			
Federal		(430,265)	(259,747)
State		(77,637)	(46,972)
		(507,902)	(306,719)
Total income tax benefit	$	(101,006)	(420,601)

Income taxes for 2016 and 2015 differ from the benefit computed using the 34% statutory rate as follows:

		2016	2015
Expected tax at the statutory rate	$	7,582,615	5,516,632
State tax - net of federal effect		(33,041)	21,817
Tax-exempt income of cooperative		(7,869,412)	(5,634,620)
Unrelated business income tax		20,382	104,000
Other		198,450	(428,430)
	$	(101,006)	(420,601)

11. Income Taxes (continued)

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, 2016 and 2015, are as follows:

		2016	2015
Deferred tax assets:			
Investment in partnerships	$	184,938	171,957
Securities impairments		789,781	789,781
Deferred compensation		102,300	102,300
Other		37,578	37,579
Total deferred tax assets		1,114,597	1,101,617
Deferred tax liabilities:			
Basis difference on fixed assets		1,215,661	1,233,586
Unrealized gains on available-for-sale securities		703,516	1,180,512
Total deferred tax liabilities		1,919,177	2,414,098
Net deferred tax liability	$	804,580	1,312,481

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 2013 and forward. Generally, tax years 2012 and forward are subject to audit by state tax authorities depending on the tax code in each jurisdiction.

12. 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, 2016 and 2015:

		Funded Status December 31,		Company Contributions	
Plan	EIN/Plan Number	2016	2015	2016	2015
Hawkeye Pension Plan	42-1438152 / 001	At least 80%	At least 80%	$ 1,500,000	$ 1,459,000

Certain of the Company's contributions to the Plan are for Cooperative employees represented by a union and covered under a collective bargaining agreement in effect at December 31, 2016. 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, 2016 and 2015, the Company's contributions exceeded 5% of the total contributions to the Plan by all participating employers.

13. 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. In accordance with the Act, DAEC maintains $375 million of private liability insurance, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.0 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, DAEC is subject to retrospective assessments of up to $127.3 million ($25.4 million for the Cooperative), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $19.0 million ($3.8 million for the Cooperative) per incident per year.

DAEC participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence for property damage, decontamination, and premature decommissioning risks at its site and a sublimit of $1.5 billion for 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 $18.9 million ($3.8 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.

Power Purchase Agreements — The Cooperative has entered into long-term supply contracts to purchase energy and capacity from various generation resources, primarily wind, totaling 195 MW with expiration dates between 2019 and 2037. Total purchases are based upon the energy generation output of the resources. Contract prices vary and escalate over the term.

Solar Facilities Obligation — During 2016, CMAV executed an engineering, procurement and construction agreement to build five solar facilities totaling 5.5 MW of generation capacity. CMAV subsequently entered into an Assignment of Construction Agreement to Farm Credit Leasing with the intent of leasing the facilities upon completion. All output of the solar facilities will be sold to the Cooperative through an intercompany power purchase agreement. The solar facilities commenced generation in December 2016. The solar facilities achieved commercial operation, and leases with Farm Credit Leasing were executed prior to April 25, 2017, which is the date the consolidated financial statements were available to be issued. Annual total operating lease payments will approximate $560,000.

Capital Commitments and Commercial Guarantees — The Company has unfunded capital commitment agreements to certain private equity and hedge funds that may require additional investment. In addition, the Company has provided commercial guarantees to creditors of certain private equity investees. Unfunded capital commitments and commercial guarantees total $10,367,000 as of December 31, 2016.

CIPCO and Subsidiaries - Ten Year Financial Summary

SUMMARY OF OPERATIONS	2016	2015	2014	2013
Operating revenue	$ 188,304,578	187,112,721	192,832,457	191,488,883
Operating expenses and interest:				
Purchased power	40,657,306	37,537,082	39,089,617	30,261,747
Operations, maintenance and other	81,650,998	88,586,559	92,054,249	97,990,694
Business support services	10,946,194	11,368,111	10,853,961	10,805,409
Depreciation and amortization	21,088,682	20,553,084	18,705,488	18,808,564
Decommissioning provision	—	—	—	—
Property and other taxes and insurance	1,299,910	1,279,733	1,328,473	1,557,711
Net interest charges	15,163,308	16,045,687	15,926,316	16,511,160
Total operating expenses and interest	170,806,398	175,370,256	177,958,104	175,935,285
Operating margin less net interest charges	17,498,180	11,742,465	14,874,353	15,553,598
Other revenue (expense)	4,740,446	4,492,761	10,742,662	6,474,699
Income tax benefit (expense)	101,006	420,601	(1,576,763)	(310,796)
Noncontrolling interests	(17,441)	(20,697)	(52,900)	(41,461)
Net margin attributable to the Company	$ 22,322,191	16,635,130	23,987,352	21,676,040
ASSETS				
Electric utility plant	$ 869,925,652	852,728,531	820,682,685	787,658,803
Less accumulated depreciation and amortization	430,572,188	426,830,258	403,026,785	395,570,011
Net electric utility plant	439,353,464	425,898,273	417,655,900	392,088,792
Net non-utility plant, investments, and notes receivable	209,854,980	198,023,858	198,244,674	187,245,873
Current assets	80,414,984	71,353,840	64,649,546	62,144,831
Regulatory assets and deferred charges	38,853,267	36,840,764	28,295,444	26,821,552
Total assets	$ 768,476,695	732,116,735	708,845,564	668,301,048
CAPITALIZATION & LIABILITIES				
Total equity	$ 224,732,998	208,471,147	202,974,329	186,866,433
Long-term debt, less current maturities	352,822,261	345,055,746	333,161,112	316,500,144
Current liabilities	41,951,161	37,751,294	41,557,383	41,351,207
DAEC decommissioning reserves	141,562,785	133,549,797	125,990,374	118,858,844
Other liabilities	7,407,490	7,288,751	5,162,366	4,724,420
Total capitalization and liabilities	$ 768,476,695	732,116,735	708,845,564	668,301,048

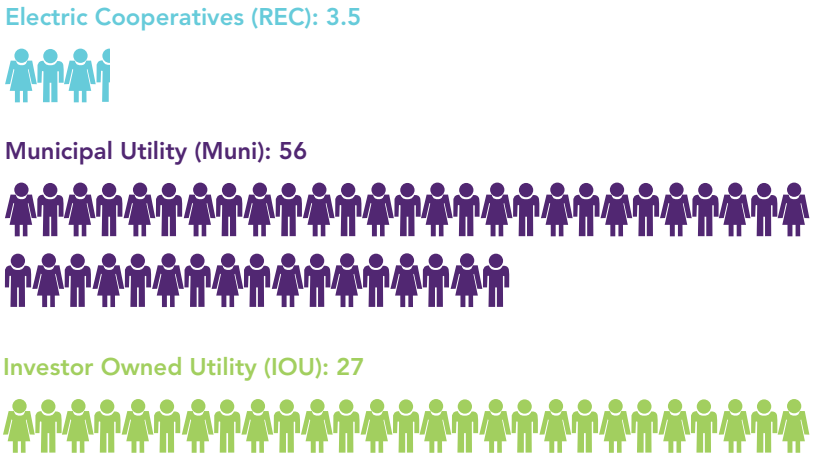
CIPCO and Subsidiaries - Ten Year Financial Summary

2012	2011	2010	2009	2008	2007
187,407,630	178,926,207	179,200,850	177,499,681	164,933,595	159,373,272
30,710,602	22,108,591	22,863,346	20,223,787	24,867,820	22,815,425
92,113,741	90,182,473	91,916,051	89,631,841	81,944,769	82,290,958
11,219,221	12,182,184	10,262,907	11,109,835	8,673,600	6,583,086
17,469,456	16,245,060	20,948,268	20,113,401	19,392,148	17,402,381
4,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1,284,543	1,224,931	1,178,783	1,060,915	1,002,410	999,534
17,286,873	17,667,523	17,846,463	18,856,178	19,064,183	16,550,557
174,084,436	160,610,762	166,015,818	161,995,957	155,944,930	147,641,941
13,323,194	18,315,445	13,185,032	15,503,724	8,988,665	11,731,331
9,958,963	2,205,010	5,324,286	8,286,159	(1,710,582)	2,322,383
434,027	(527,430)	318,105	103,387	(704,710)	245,917
228,025	50,724	35,225	—	—	—
23,944,209	20,043,749	18,862,648	23,893,270	6,573,373	14,299,631
783,958,964	766,738,631	816,147,485	784,606,327	759,011,491	716,993,951
393,469,342	382,800,203	452,454,400	424,736,290	399,588,544	376,840,088
390,489,622	383,938,428	363,693,085	359,870,037	359,422,947	340,153,863
161,616,156	139,662,452	135,873,079	119,528,121	98,379,166	135,133,234
68,001,151	77,740,893	62,683,007	61,870,007	53,453,342	47,633,103
38,720,825	44,429,771	41,105,619	42,313,186	50,069,995	9,239,397
658,827,754	645,771,544	603,354,790	583,581,351	561,325,450	532,159,597
168,741,301	145,301,668	131,028,362	111,734,396	84,338,804	87,860,451
334,007,456	347,420,431	328,999,717	337,681,679	346,149,593	329,825,316
38,697,569	43,456,544	40,897,593	35,263,957	38,866,685	39,611,699
112,130,985	105,783,948	99,796,177	96,688,503	91,875,608	74,554,668
5,250,443	3,808,953	2,632,941	2,212,816	94,760	307,463
658,827,754	645,771,544	603,354,790	583,581,351	561,325,450	532,159,597

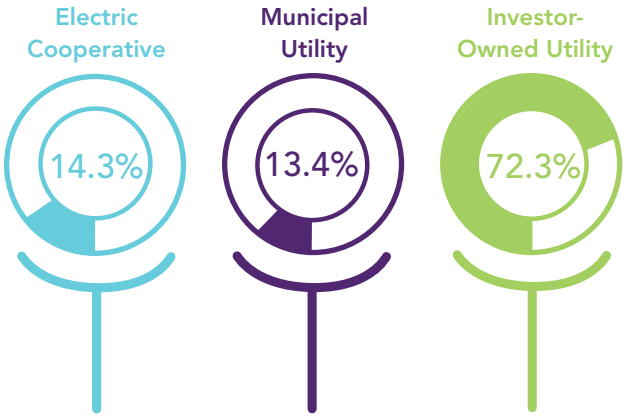
How Iowa Utilities Differ

Iowans receive their electric service from one of three basic types of utilities. Iowa has assigned each utility a defined service territory since 1977.

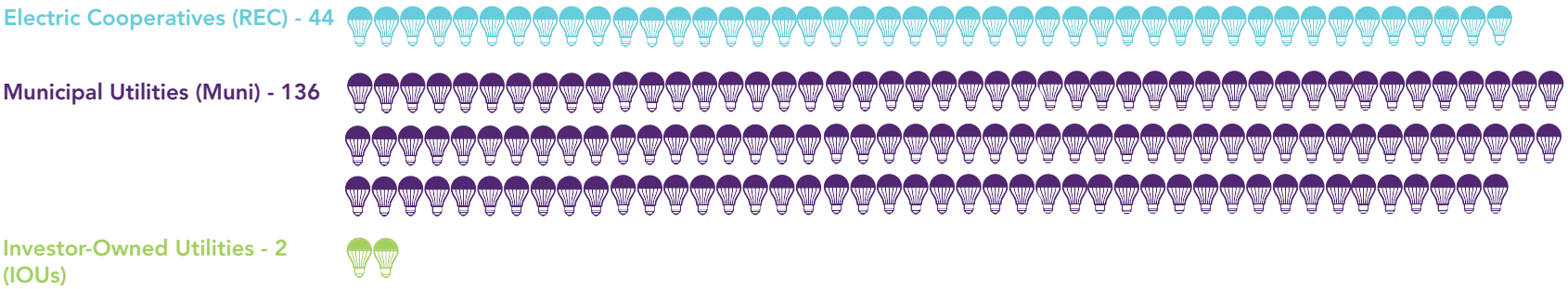
Average Number of Customers Per Mile of Line



Percentage of Electric Customers Served in Iowa



Number of Electric Utilities in Iowa



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A Touchstone Energy® Cooperative

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