

History of Electric Cooperatives

Accustomed as we are to the finer things that electricity offers us, we sometimes forget that the area in which we live, rural America, was the last to receive the benefits of electricity. Certainly, rural America was revolutionized when cooperative electric lines finally eliminated the isolation imposed by darkness. The following highlights some of rural electrification's history and takes a brief look into the future.

Setting the Groundwork

Because electricity exists in nature, it has always been around us. It was the 1800s, however, before great visionaries such as Franklin, Edison and Faraday began to understand electricity's properties and uses and to generate it to power their inventions.

1752: Benjamin Franklin experiments with electricity.

1844: Twenty-eight weavers in England set out six "Rochdale Principles of Cooperation" and started the first successful cooperative.

1882: Thomas A. Edison built the first central station electric system in lower Manhattan.

Electrification's Early Years

May 18, 1933: President Franklin D. Roosevelt signed the Tennessee Valley Authority Act which provided for Tennessee River Basin development — dams and reservoirs to control floods, provide navigation and supply electricity; transmission lines to serve rural areas at reasonable rates; and preference to cooperative organizations for sale of surplus power.

June 1, 1934: Alcorn County Electric Power Association in Corinth, Miss., became the first rural electric cooperative established in the TVA area.

Mid-1880s: Electricity was available in many of America's larger cities. Electrification of rural areas was deemed infeasible.

Early 1930s: Private power companies still considered it unprofitable to build lines in rural areas. Without the aid of electricity, the economies of rural areas were tied exclusively to agriculture.

1935: Only 1 million of America's 6 million farms had electricity.

REA: Propelling Change

May 11, 1935: President Franklin D. Roosevelt issued an executive order creating the Rural Electrification Administration (REA) and making federal funds available to provide rural electric service. Power companies showed little interest; leaders of farm organizations proposed the formation of non-profit electric cooperatives.

Mid-1930s: Organizers of rural electric cooperatives used the six Rochdale principles — voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; and cooperation among cooperatives. A seventh principle — concern for community — was added.

July 22, 1935: REA approved loans to borrowers in Georgia, Indiana and Tennessee.

Feb. 15, 1936: First REA-financed rural electric cooperative line was energized in Mississippi.

Sept. 12, 1940: REA approved loan to serve the millionth rural customer.

1942-1945: Wartime shortages of manpower and materials such as copper for wire slowed the spread of rural electric lines.

1949: Post-war enthusiasm and adaptations of military technology, materials and equipment propelled rapid growth of rural electrification.

Compared to 1945 statistics, the number of rural electric systems in operation doubled; the number of consumers connected more than tripled; and the miles of energized line grew more than five-fold.

1946: Farms electrified in U.S. passed the 50 percent mark.

Rural Electrification Today

2000: Nearly 1,000 rural electric cooperatives provide electricity to 30 million people in 46 states. Each is an independent, locally-owned business enterprise, incorporated under the laws of the state in which it operates. Consumers who get service are members of the cooperative and, as such, share the responsibility for its success or failure along with the benefits they receive.

Future of Electric Cooperatives

The future of electric cooperatives and the entire electric industry is likely to change incredibly with the onset of deregulation. Simply stated, deregulation will allow customers to choose their power supplier. (Currently, by law, utilities must serve only those customers within their specific territory.) Deregulation will likely affect wholesale power customers like your cooperative first and retail customers like you later. It certainly will bring competition, mergers, acquisitions and alliances. Proponents of deregulation believe competition among providers will result in lower costs, improved efficiency and new technology. Opponents believe that small end-use customers will see higher costs and a lack of customer service.

Tennessee cooperatives are working now to influence legislators to make wise decisions concerning future deregulation. We cannot lose sight that the reason co-ops were formed in the first place was to provide cost-effective service to customers. We have a responsibility to ensure that our customers reap the full benefits of industry deregulation, that restructuring plans protect individual customers and that they are fair.

