

The History of Electric Co-ops

(Source: NRECA)

As late as the mid-1930s, nine out of ten rural homes were without electric service. The farmer milked his cows by hand in the dim light of a kerosene lantern. His wife was a slave to the wood range and washboard. The unavailability of electricity in rural areas kept their economies entirely and exclusively to agriculture. Factories and businesses, of course, preferred to locate in cities where electric power was easily acquired.

Even as late as July 1935, a group of utility company executives wrote a report in which they claimed that, in light of their earlier extensive research work, “there are very few farms requiring electricity for major farm operations that are not now served.”

This was a statement that was later to haunt the commercial electric industry when the Rural Electrification Administration (REA) and the rural electric cooperatives proved how mistaken this concept was. For many years, however, power companies continued to ignore the rural areas of the nation, except where there were conditions necessary to assure early profits.

The first official action of the federal government pointing the way to the present rural electrification program came with the passage of the Tennessee Valley Act (TVA) in May, 1933. This act authorized the TVA Board to construct transmission lines to serve “farms and small villages that are not otherwise supplied with electricity at reasonable rates.”

The idea of providing federal assistance to accomplish rural electrification gained ground rapidly when President Roosevelt took office in 1933 and began his New Deal programs.

On May 11, 1935, Roosevelt signed Executive Order No. 7037 establishing the REA. It was not until a year later that the Rural Electrification Act was passed, and the lending program that became the REA got underway.

Within four years following the close of the war, 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. By 1953, more than 90 percent of U.S. farms had electricity.

Today about 99 percent of the nation’s farms have electric service. Most rural electrification is the product of locally owned rural electric cooperatives that got their start by borrowing funds from REA to build lines and provide service on a nonprofit basis. Today the REA is the Rural Utilities Service and is part of the U.S. Department of Agriculture.

After almost 60 years, REA was abolished by a massive reorganization of the Department of Agriculture in 1994. Its responsibilities were transferred to a new agency, the Rural Utilities Service (RUS). The electric loan program continues to operate much as it did under REA.

Arrowhead Electric
Cooperative, Inc.

