

25th NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
ANNUAL MEETING
CIVIC AUDITORIUM
SAN FRANCISCO, CALIFORNIA
WEDNESDAY, FEBRUARY 22, 1967
REMARKS OF CONGRESSMAN BOB DOLE

AS YOU MAY KNOW, THIS IS MY FIRST TIME TO AN ^{Attend} NRECA ANNUAL MEETING,

BUT I FEEL AT HOME AT YOUR SILVER ANNIVERSARY MEETING. IF THAT SOUNDS PRE-
SUMPTUOUS, PLEASE LET ME EXPLAIN.

FOR THE PAST SIX YEARS, IT HAS BEEN MY PRIVILEGE TO REPRESENT WESTERN
KANSAS IN CONGRESS, THE FIRST DISTRICT. IT COVERS OVER HALF THE AREA OF THE
STATE OF KANSAS AND NEARLY 450,000 PEOPLE LIVE IN IT. IT ENCOMPASSES 52
COUNTIES, AND PEOPLE LIVING IN MY DISTRICT ARE SERVED BY NO FEWER THAN 15
RURAL ELECTRIC COOPERATIVES.

KANSAS REA RECORD

ONLY FOUR OTHER CONGRESSMEN HAVE AS MANY RURAL ELECTRIC COOPERATIVES
IN THEIR DISTRICTS. KANSAS HAS 37 RURAL ELECTRICS WHICH SERVE ABOUT 100,000
CONSUMERS OVER 57,000 MILES OF LINE. BETTER THAN 97 PERCENT OF KANSAS FARMS

FEB 22 1967

-2-

HAVE ELECTRICITY. THE AVERAGE USE OF ELECTRICITY BY RURAL ELECTRIC CONSUMERS IN KANSAS HAS NEARLY TRIPLED -- FROM 276 TO 768 KILOWATT HOURS PER MONTH -- IN THE LAST 10 YEARS.

IT TAKES CAPITAL TO PROVIDE ELECTRIC SERVICE TO MEMBERS WHOSE DEMANDS ARE INCREASING, AND SINCE KANSAS CO-OPS AVERAGE ONLY \$310 IN REVENUE ANNUALLY PER MILE OF LINE, THEY HAVE BORROWED, DURING THE PAST 30 YEARS, NEARLY \$130 MILLION FROM THE RURAL ELECTRIFICATION ADMINISTRATION.

LIKE YOUR COOPERATIVES, THEY ARE REPAYING ON SCHEDULE AND IN SOME INSTANCES IN ADVANCE. THEY HAVE PAID \$38.7 MILLION ON PRINCIPAL, \$8.8 MILLION IN ADVANCE, AND \$23.8 MILLION IN INTEREST. NO KANSAS CO-OP IS OVERDUE ON ITS PAYMENTS TO REA. THE KANSAS RURAL ELECTRICS HAVE GOOD REASON TO BE PROUD OF THEIR RECORD.

IN THE PAST YEAR, I HAVE LISTENED TO MUCH INFORMATION -- AND MUCH DIFFERENCE OF OPINION -- ABOUT THE CAPITAL NEEDS OF YOUR COOPERATIVES. AS A MEMBER

FEB 22 1967

-3-

OF THE HOUSE AGRICULTURE COMMITTEE, I HEARD THE TESTIMONY ON YOUR FINANCING PROPOSALS. AS A MEMBER OF THE CONSERVATION AND CREDIT SUBCOMMITTEE, I WAS ONE OF FIVE CONGRESSMEN WHO VOTED LAST AUGUST TO CREATE A FEDERAL BANK FOR RURAL ELECTRIC SYSTEMS.

REA LEGISLATION IN THE 89th CONGRESS

LOOKING BACK, THERE WERE SEVERAL FACTORS WHICH CONTRIBUTED TO THE DEADLOCK ON SUPPLEMENTAL FINANCING LAST YEAR. OBVIOUSLY, THERE WASN'T ENOUGH TIME. THE HOUSE AGRICULTURE COMMITTEE HAD NOT TAKEN AN INTENSIVE LOOK AT RURAL ELECTRICS IN 17 YEARS -- NOT SINCE THE RURAL TELEPHONE PROGRAM WAS ADDED IN 1949. THE COMMITTEE SIMPLY NEEDED MORE TIME TO STUDY AND UNDERSTAND THE HIGHLY COMPLICATED BILLS.

THERE WERE OTHER FACTORS, OF COURSE. NOT ALL MEMBERS OF RURAL ELECTRIC COOPERATIVES AGREED UPON THE BILLS SUBMITTED TO US. OFFICIALS OF COMMERCIAL POWER COMPANIES WERE ALARMED AND CAME TO WASHINGTON TO TESTIFY AGAINST THE BILLS.

FEB 22 1967

-4-

THE ADMINISTRATION, EVEN THOUGH IT IMPLIED SUPPORT FOR SUPPLEMENTAL FINANCING IN THE F.Y. 1967 BUDGET, SENT UP ITS OWN BILL AND THEN APPARENTLY TURNED TO WHAT IT CONSIDERED MORE PRESSING MATTERS. THE MAJOR FARM GROUPS DIFFERED ON SEVERAL FEATURES OF THE BILLS.

THE COMMITTEE CHAIRMAN, FORMER REPRESENTATIVE HAROLD COOLEY OF NORTH CAROLINA, HAD SOME RESERVATIONS ABOUT THE BILL, AS DID MANY OTHER MEMBERS OF THE COMMITTEE. BY AUGUST, SUBCOMMITTEE MEMBERS FROM BOTH POLITICAL PARTIES WERE TRYING TO REACH AGREEMENT ON A COMPROMISE BILL, BUT AT THIS LATE DATE THE APPEAL FOR BIPARTISAN SUPPORT FOR A SUPPLEMENTAL FINANCING BILL SIMPLY CAME TOO LATE.

I RECOGNIZE THAT MANY OF YOU DID NOT, AND STILL DO NOT, APPROVE SOME SECTIONS OF THE AMENDED BILL WHICH FAILED TO GET OUT OF SUBCOMMITTEE ON AUGUST 18. BUT THE 5 TO 5 VOTE HAS LED TO A BETTER UNDERSTANDING OF THE ISSUES INVOLVED, IN MY OPINION. WHILE COMMITTEE PRINT NO. 1, RELEASED AS CONGRESS

FEB 22 1967

-5-

ADJOURNED, WAS CONSIDERABLY IMPROVED IN ITS SECTIONS ON SERVICE AREAS, GENERATION AND TRANSMISSION, AND CONGRESSIONAL REVIEW, IT STILL NEEDS FURTHER REVISION.

REA LEGISLATION IN THE 90th CONGRESS

IN THE 90th CONGRESS, WE ARE, IN EFFECT, STARTING ALL OVER AGAIN.

REPRESENTATIVE BOB POAGE OF TEXAS HAS SUCCEEDED MR. COOLEY AS CHAIRMAN OF THE HOUSE AGRICULTURE COMMITTEE. ON JANUARY 10, MR. POAGE INTRODUCED COMMITTEE PRINT NO. 1 OF THE LAST SESSION, WHICH IS NOW H. R. 1400. IT IS REGARDED AS A GOOD WORKING DRAFT FOR THE COMMITTEE TO START ON NEXT MONTH. I WOULD ADD THAT SEVERAL REPUBLICANS ARE WORKING ON SUPPLEMENTAL FINANCING PROPOSALS. OF GREAT SIGNIFICANCE, REGARDLESS OF YOUR POLITICAL PERSUASION AND VIEWPOINT, ARE CHANGES WITHIN OUR COMMITTEE. THE MEMBERSHIP NOW STANDS AT 20 DEMOCRATS AND 15 REPUBLICANS, AS COMPARED TO 24 DEMOCRATS AND 11 REPUBLICANS IN THE LAST CONGRESS. SEVENTEEN OF THE 35 MEMBERS ARE NEW TO THE COMMITTEE; THEY WERE NOT PRESENT FOR THE PUBLIC HEARINGS LAST YEAR. THESE NEW MEMBERS, REPUBLICANS AND

FEB 22 1967

-6-

DEMOCRATS, ARE BOUND TO HAVE THEIR OWN IDEAS ABOUT THE LEGISLATION. AT BEST, IT WILL BE A LONG, HARD STRUGGLE WHEN HEARINGS BEGIN.

WHAT WILL BE DISCUSSED WHEN THE SUPPLEMENTAL FINANCING BILLS ARE TAKEN UP? WE MUST CONCEDE THERE IS A DIFFERENCE BETWEEN DREAMS AND REALITIES IN DISCUSSING ANY PLAN FOR THE FUTURE FINANCING OF RURAL ELECTRIC SYSTEMS. YOUR STUDIES SHOW YOUR SYSTEMS ARE GOING TO REQUIRE AN AVERAGE OF BETWEEN \$600 AND \$700 MILLION IN NEW GROWTH CAPITAL EVERY YEAR FOR THE NEXT 15 YEARS. THAT IS A TOTAL OF AT LEAST \$9 BILLION BETWEEN NOW AND 1982, OR TWICE AS MUCH CAPITAL AS YOUR SYSTEMS HAVE REQUIRED IN THE FIRST 30 YEARS OF RURAL ELECTRIFICATION.

FOR THE FIRST TIME, HOWEVER, IT IS PROPOSED THAT A MAJOR PORTION OF THIS NEW CAPITAL BE RAISED IN THE PRIVATE MONEY MARKETS. IN EFFECT, IT IS SAID THAT SOME OF YOUR SYSTEMS NOW CAN CONTINUE TO MEET THEIR RESPONSIBILITIES TO THEIR RURAL CONSUMERS AND TO THEIR RURAL COMMUNITIES WITHOUT COMPLETE DEPENDENCE UPON A FEDERAL LENDING AGENCY. IN VERY SIMPLE TERMS, YOU ARE SAYING:

FEB 22 1967

-7-

"JUST GIVE US OUR OWN BANK AND WE WILL MAKE OUT ALL RIGHT FOR OURSELVES."

DREAMS AND REALITIES

I SUBMIT THAT THIS DREAM IS ON A COLLISION COURSE WITH SEVERAL SIZABLE REALITIES. OTHER DEMANDS UPON THE FEDERAL GOVERNMENT AND ITS RESOURCES ARE INCREASING, YET YOUR PLAN CONTEMPLATES NO CHANGE IN THE REGULAR REA LOAN PROGRAM. OTHER UTILITIES ARE LESS THAN EAGER TO MOVE OVER AND LET YOU IN, YET YOUR PLAN ALARMS THEM WITH ACQUISITIONS IN NON-RURAL AREAS. OTHER BANKERS DO NOT RUSH TO WELCOME NEW BANKS IN THEIR TOWNS, YET YOUR PLAN SETS UP A NEW BANK SOLELY FOR THE USE OF RURAL ELECTRIC SYSTEMS.

IF A SUPPLEMENTAL FINANCING BILL IS TO PASS THIS YEAR, CERTAIN FACTORS MUST BE CONSIDERED, IN MY OPINION.

1. SUPPORT IN CONGRESS FROM BOTH POLITICAL PARTIES IS A NECESSITY.
2. 100 PERCENT OPPOSITION FROM COMMERCIAL POWER COMPANIES WILL ENDANGER PROSPECTS OF ANY BILL BEING ENACTED.
3. BROAD SUPPORT, FROM GROUPS OF OUR CITIZENS, IS A NECESSITY.
4. YOUR ASSOCIATION MUST ADOPT A FLEXIBLE POLICY BASED BOTH ON THE REALITIES OF THE SITUATION AND ON THE REALIZATION THAT NO ONE SEGMENT OF THIS GREAT INDUSTRY CAN HAVE THE WHOLE LEGISLATIVE CAKE.

FEB 22 1967

-8-

TO HELP MAKE CERTAIN THAT THESE FOUR FACTORS ARE CONSIDERED, MAY I
RAISE SOME QUESTIONS WHICH WILL NEED ANSWERS ONCE THE HEARINGS BEGIN.

1. YOU SAY YOU MUST HAVE CAPITAL TO SERVE CONSUMERS ACQUIRED FROM
OTHER POWER SUPPLIERS. WHAT ASSURANCES WILL YOU GIVE THAT YOU WON'T TAKE
OVER ALL OF THE ELECTRIC CONSUMERS IN TAMPA, TACOMA OR TICONDEROGA, OR FOR
THAT MATTER, THE CONSUMERS OF ANY OTHER UTILITY?

2. YOU SAY YOU MUST HAVE CAPITAL FOR GENERATING PLANTS AND TRANS-
MISSION LINES. WHAT ASSURANCES WILL YOU GIVE THAT YOU WON'T USE THIS AUTH-
ORITY TO THE DISADVANTAGE OF OTHER UTILITIES?

3. YOU SAY YOU MUST HAVE A BANK OF YOUR OWN. WHAT ASSURANCES WILL
YOU GIVE THAT CONTROL OF YOUR BANK WILL REMAIN IN THE HANDS OF NONPARTISAN
RURAL ELECTRIC SYSTEMS?

4. YOU SAY YOU MUST HAVE GOVERNMENT HELP TO GET YOUR PROPOSED BANK
STARTED. WHAT ASSURANCES WILL YOU GIVE THAT THE GOVERNMENT HELP WILL BE

FEB 22 1967

-9-

PHASED OUT JUST AS EARLY AS IT IS FEASIBLE TO DO SO?

5. YOU SAY MANY OF YOUR SYSTEMS WILL CONTINUE TO NEED REA'S 2 PERCENT 35-YEAR LOANS. WHAT ASSURANCES WILL YOU GIVE THAT THE PROPER CRITERIA WILL BE USED TO DETERMINE WHO SHALL BORROW AT WHAT INTEREST RATE?

6. YOU SAY YOU WISH TO BE INDEPENDENT OF GOVERNMENT FINANCIAL ASSISTANCE --- EVENTUALLY. WHAT ASSURANCES WILL YOU GIVE CONGRESS FOR CONTROL OF THIS PROGRAM UNTIL YOU HAVE ACHIEVED YOUR OBJECTIVE?

FOR YOUR EFFORTS IN THE DIRECTION OF SUPPLEMENTAL FINANCING TO BE SUCCESSFUL, YOU SHOULD, AND UNDOUBTEDLY ARE, WORKING NOW TO DEVELOP ANSWERS TO THESE QUESTIONS YOURSELVES, WITH OTHERS IN THE UTILITY INDUSTRY, WITH MEMBERS OF BOTH PARTIES IN THE CONGRESS, AND WITH OTHER INTERESTED GROUPS OF CITIZENS.

CHALLENGE AND COOPERATION

I CHALLENGE YOU TO WORK WITH THE MEMBERS OF THE HOUSE AGRICULTURE COMMITTEE TO DEVELOP, IF POSSIBLE, SOME NEW IDEAS ON GENERATION AND TRANSMISSION,

FEB 22 1967

-10-

ON ACQUISITIONS, ON JUDICIAL REVIEW, AND ON INTEREST RATES. THERE IS NOTHING SO SACRED ABOUT ANY BILL INTRODUCED THAT IT CANNOT BE CHANGED.

I HAVE BEEN THINKING, FOR EXAMPLE, THAT IF AN AGREEMENT COULD BE REACHED ON JUST WHAT A G-T SYSTEM IS AND WHAT IT DOES -- IF G-T FUNCTIONS COULD BE DESCRIBED -- THEN PERHAPS ALL THE COMPLEX LANGUAGE IN H. R. 1400 DEALING WITH BIDS ON G-T LOANS AND JUDICIAL REVIEW, COULD BE AVOIDED. PERHAPS IT CANNOT BE DONE, BUT IT SEEMS WORTH A TRY.

THERE HAS BEEN SOME THINKING IN RECENT WEEKS ABOUT THE POSSIBILITIES OF A SINGLE INTEREST RATE FOR LOANS TO BE MADE BY THE PROPOSED BANK. SEVERAL OF US IN THE HOUSE ARE REVIEWING THIS POSSIBILITY. WE WELCOME YOUR COMMENTS AND SUGGESTIONS -- PRO OR CON.

THE 90th CONGRESS IS REALLY JUST GETTING UNDERWAY. OUR COMMITTEE IS READY FOR BUSINESS, AND THERE ARE LIMITLESS NEW OPPORTUNITIES FOR COOPERATION IN DRAFTING LEGISLATION TO PROVIDE SOUND SUPPLEMENTAL FINANCING FOR YOUR

FEB 22 1967

-11-

RURAL ELECTRIC SYSTEMS. I URGE YOU TO CALL UPON US.

AGAIN, IT HAS BEEN A PLEASURE TO ATTEND YOUR ANNUAL MEETING AND TO
PARTICIPATE IN YOUR PROGRAM. I LOOK FORWARD TO SEEING MANY OF YOU AT THE
HEARINGS IN WASHINGTON.