

REMARKS OF SENATOR BOB DOLE
ANNUAL MEETING
KANSAS RURAL ELECTRIC COOPERATIVES

Downtown Ramada Inn
Topeka, Kansas

MONDAY, JANUARY 21, 1974

Don Haniel

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*C. J. Quinn
1300
1300
1300*

I APPRECIATE THE OPPORTUNITY TO VISIT, AND TO ADDRESS, THIS ANNUAL MEETING OF KANSAS RURAL ELECTRIC COOPERATIVES. YOUR ORGANIZATIONS HAVE DEDICATED ALMOST 38 YEARS AND INVESTED \$198 MILLION TO THE GOAL OF IMPROVING THE QUALITY OF LIFE IN THE RURAL AREAS OF OUR STATE.

AND SO OUR GOALS -- YOURS AND MINE -- ARE IDENTICAL.

WE WANT TO BUILD RURAL KANSAS WHERE SUCH BUILDING SERVES OUR STATE'S BEST INTERESTS.

WE WANT TO RENEW IN RURAL KANSAS WHERE RENEWAL IS NEEDED.

-2-

WE WANT TO REINVIGORATE THOSE AREAS WHERE STORM, CATASTROPHE OR ECONOMIC CHANGE HAVE ERODED THE VIGOR AND TEMPORARILY DIMINISHED THE NATURAL OPPORTUNITIES FOR GROWTH AND PROGRESS.

I HAVE DEDICATED MYSELF TO THESE GOALS SINCE MY ELECTION TO THE KANSAS LEGISLATURE IN 1951. KANSAS WELFARE AND PROSPERITY HAVE BEEN MY CENTRAL CONCERN THROUGH MY YEARS IN THE U. S. HOUSE OF REPRESENTATIVES AND IN THE SENATE.

NEW REA LAW

IT HAS BEEN SAID REA HAS COME OUT OF ITS HORSE AND BUGGY DAYS. THE NEW REA LAW PASSED IN 1973 CONTRIBUTES TO THIS DEVELOPMENT BY MAKING IT POSSIBLE TO FINANCE THE HUGE CAPITAL REQUIREMENTS FOR A VAST FUTURE PRODUCTION OF ELECTRICITY.

-3-

DUE TO MY CONCERN FOR THE CAUSE OF KANSAS AND ESPECIALLY RURAL KANSAS, AND AS A MEMBER OF THE AGRICULTURAL RESEARCH AND LEGISLATIVE SUBCOMMITTEE OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, I WAS ABLE TO TAKE A DETERMINED LEAD IN THE PASSAGE OF S. 394 WHICH MEANS SO MUCH TO YOUR RURAL ELECTRIC COOPERATIVES, AND WHICH WILL MEAN EVEN MORE IN THE YEARS TO COME. WHEN PRESIDENT NIXON SIGNED THIS BILL INTO LAW ON MAY 11, 1973, IT BECAME PUBLIC LAW 93-32.

THIS IS A GOOD LAW. WHEN SECRETARY OF AGRICULTURE EARL BUTZ ASSURED OUR COMMITTEE THAT DURING EACH OF THE NEXT THREE YEARS, RURAL ELECTRIFICATION ADMINISTRATION FUND LEVELS WOULD NOT BE LESS THAN THE AMOUNT BUDGETED FOR FISCAL 1974, I KNEW, AND THE OTHER MEMBERS OF OUR COMMITTEE KNEW, OUR FIGHT FOR A FAIR AND EQUITABLE RURAL ELECTRIFICATION BILL HAD SUCCEEDED. THE BILL IS A COMPROMISE. BUT IT IS A GOOD COMPROMISE.

-4-

AS YOU FOLKS WELL KNOW, IT WAS SUDDENLY ANNOUNCED
DECEMBER 29, 1972, THAT REA WAS TO BE MOVED UNDER THE PROVISIONS
OF THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT. AFTER THE REA
HAD BEEN OPERATED UNDER THE RURAL ELECTRIFICATION ACT FOR MORE THAN
37 YEARS, RURAL KANSANS LED IN THE FLOOD OF PROTESTS THAT POURED
INTO WASHINGTON, D. C.

MORE FUNDS AVAILABLE

NOW, WITH THE COMPROMISE PROVISIONS OF P.L. 93-32, YOU HAVE
LEGISLATION WHICH ALLOWS US TO CONTINUE TO MOVE FORWARD IN RURAL
AMERICA. YOU KNOW, FOR EXAMPLE, THAT REA WILL NOT HAVE LESS THAN
\$618 MILLION TO WORK WITH IN THE ELECTRIC LOAN PROGRAM, INCLUDING
\$80 MILLION FOR LOANS AT THE SPECIAL 2 PERCENT RATE. IN THE TELEPHONE LOAN
PROGRAM, REA WILL HAVE NOT LESS THAN \$140 MILLION, INCLUDING \$25 MILLION
FOR LOANS AT THE SPECIAL 2 PERCENT RATE.

-5-

PUBLIC LAW 93-32 IS THE MOST COMPREHENSIVE REA LEGISLATION EVER ENACTED. IT'S THE FIRST LAW EVER WRITTEN THAT COVERS BOTH ELECTRIC AND TELEPHONE PROGRAMS AND THEIR SUPPLEMENTAL FINANCING SOURCES.

P.L. 93-32 PROVIDES REA WITH ITS OWN REVOLVING FUND IN THE U. S. TREASURY FROM WHICH TO MAKE LOANS. IT AFFORDS NEW FUNDING METHODS -- DIRECT, INSURED, GUARANTEED AND SUPPLEMENTAL. IT AUTHORIZES EXPANDED RESOURCES FOR FINANCING BORROWER CAPITAL NEEDS TO SATISFY INTENSIFIED DEMANDS FOR IMPROVED AND EXTENDED SERVICE. AND IT ALL BUT REMOVES THE IMPACT OF THE REA LOAN PROGRAM ON THE FEDERAL BUDGET WHICH WAS A MOST IMPORTANT ITEM IN THE COMPROMISE WHICH SECURED ITS PASSAGE. THE NEW LAW BRINGS INTEREST RATES FOR MOST BORROWERS MORE IN LINE WITH TODAY'S COST OF MONEY. WE'VE HAD NOBODY COMPLAIN ABOUT THIS. YET THE LEGISLATION SUSTAINS THE PROTECTION OF THE HISTORIC 2 PERCENT INTEREST RATE FOR THOSE BORROWERS WHOSE CONTINUED SERVICE CAPABILITY RELIES UPON IT, AND WHO MEET CERTAIN CRITERIA.

-6-

REA IS NOW AUTHORIZED TO GUARANTEE LOANS FOR BULK POWER SUPPLIERS AT AN INTEREST RATE LINKED TO THE COST OF MONEY. THIS PROVISION ALONE IS LIKE BREAKING RESTRAINING TIES, BECAUSE THE DEMAND FOR POWER SUPPLY CAPITAL HAS LONG OUTSTRIPPED REA'S LOAN-FUND CAPABILITIES. FOR EXAMPLE, POWER SUPPLY BORROWERS WILL NEED AN ESTIMATED \$1.6 BILLION ANNUALLY OVER THE NEXT FIVE YEARS. AT THE BEGINNING OF 1973, REA-FINANCED POWER-SUPPLY SYSTEMS WERE GENERATING POWER WITH TOTAL CAPACITY OF ABOUT 32.3 BILLION KILOWATTS. DEMAND IS SUCH THAT RURAL POWER SUPPLIERS WILL PROBABLY INSTALL AS MUCH NEW CAPACITY BETWEEN NOW AND 1983 AS HAS BEEN INSTALLED IN THE PAST 40 YEARS.

-7-

GROWING DEMAND FOR ENERGY

P.L. 93-32 WILL HELP THE RURAL ELECTRIC SYSTEMS SUPPLY THE ACCELERATING DEMANDS FOR POWER IN RURAL AREAS. WHAT HAS BEEN ACCOMPLISHED IS FORMIDABLE -- AS REA HAS APPROVED LOANS TOTALING \$10 BILLION IN BOTH THE ELECTRIC AND TELEPHONE PROGRAMS. BUT WHAT HAS BEEN ACCOMPLISHED HAS LITTLE RELEVANCE TO WHAT MUST BE DONE TO MEET THE POWER NEEDS OF RURAL AMERICA.

THE AVERAGE INCREASE IN ELECTRIC CONSUMPTION IN URBAN AREAS DOUBLES ABOUT EVERY 10 YEARS. IT DOUBLES IN ABOUT EVERY SEVEN YEARS IN RURAL AREAS.

-8-

THIS GROWTH RATE IS WHAT THE RURAL ELECTRIFICATION ACT IS DESIGNED TO MEET. BUT THESE ARE NOT ORDINARY TIMES. NOT EVEN THE EMERGENCY ADVANCES MADE IN DECEMBER TO SEVEN KANSAS ELECTRIC COOPERATIVES BEGIN TO SUGGEST THE EXTRAORDINARY NATURE OF FUTURE DEMANDS. REA ADVANCED MORE THAN \$508,000 TO KANSAS COOPERATIVES IN DECEMBER TO REPAIR STORM DAMAGE.

BUT THE REAL RAVAGES ARE THOSE AFFECTED BY INFLATION, FUEL SHORTAGES, AND ENVIRONMENTAL RESTRICTIONS IN CONFLICT WITH POWER REQUIREMENTS.

IT IS IN MEETING THE CHALLENGES OF THESE PROBLEMS THAT WE ARE ALL GOING TO HAVE TO GIVE THE BEST OF OUR MINDS AND HEARTS AND ENERGIES IN THE MONTHS AHEAD.

-9-

CHANGES TO COME

FOR BETTER OR WORSE -- AND WHETHER IT WILL BE GOOD OR BAD, WE WILL LEARN ONLY FROM EXPERIENCE -- BUT FOR BETTER OR WORSE, WE FACE A CHANGE IN OUR FORMER WAY OF EXISTENCE.

I AM BY NATURE OPTIMISTIC. I DO NOT HAVE THE LEAST DOUBT THAT WE HERE IN RURAL KANSAS, AND IN ALL THE UNITED STATES, CAN OVERCOME THE MOST PRESSING AND DIFFICULT PROBLEMS FACING US.

INCREASED COOPERATION AMONG POWER PRODUCTION FACILITIES IS PROBABLY A COMING TREND. IT CAN IMPROVE AND ENLARGE OUR LIVES. THIS TREND MUST AND WILL GROW DIRECTLY OUT OF OUR RESPONSES TO THE ENERGY CHALLENGE.

-10-

WE CAN'T MEET OUR POWER NEEDS WITHOUT WIDEST POSSIBLE COOPERATION. IT'S THAT SIMPLE. THERE MUST BE COOPERATION ALL UP AND DOWN THE LINE. THE PEOPLE WHO HAVE TO FIGHT FOR THE PROTECTION OF OUR ENVIRONMENT WILL NEVERTHELESS FIND THEMSELVES WORKING WITH THE PEOPLE WHO MUST PRODUCE MORE AND MORE POWER TO MEET ALL OUR NEEDS AGAINST GREAT ODDS. I BELIEVE IN CONSERVING OUR NATURAL RESOURCES AND HERITAGES. BUT I ALSO FACE THE FACT OF MODERN LIFE -- WE ARE AN ENERGY-ORIENTED NATION. WE DEPEND ON ELECTRIC POWER TO HELP RUN OUR FARMS, HOMES, SCHOOLS AND INDUSTRIES.

THE NEED FOR COOPERATION COULD FIND THE SMALLEST RURAL COOPERATIVE WORKING WITH THE URBAN INVESTOR-OWNED UTILITIES, BECAUSE NOTHING ELSE WILL MAKE SENSE. THE NUCLEAR POWER PLANT MUST HAVE THE CAPACITY TO FURNISH POWER ALONG THE COUNTRY ROAD AS WELL AS IN THE METROPOLITAN AREA. THERE MUST BE AN END TO THE WASTE OF DUPLICATED FACILITIES WHICH SERVE A COMMON TERRITORY. BUT MOST REWARDING OF ALL WILL BE THE FACT THAT THE LARGEST UTILITY WILL FIND THAT COOPERATION IS NOT A ONE-WAY STREET. RURAL ELECTRIFICATION POWER SUPPLY SYSTEMS HAVE FURNISHED BACK-UP POWER THAT HAS RESCUED SOME OF THE BIGGEST INVESTOR-OWNED COMPANIES IN RECENT SUMMER BLACKOUT AND BROWNOUT THREATS. THIS KIND OF MUTUAL ASSISTANCE WILL BECOME THE ACCEPTED WAY OF THE FUTURE IN THE INDUSTRY.

-11-

BECAUSE MONEY COSTS MORE AND IS HARDER TO GET, JOINT PARTICIPATION BETWEEN INVESTOR-OWNED AND COOPERATIVE-OWNED UTILITIES MAKES SENSE. THE SMALL COOPERATIVE CAN PARTICIPATE IN THE OWNERSHIP OF A HUGE GENERATING COMPLEX AND CAN DRAW ON THE POWER SUPPLY BASED ON ITS INVESTMENT. IN WASHINGTON, WE HAVE BEEN ASKING FOR THIS KIND OF COOPERATIVE ACTION.

EXAMPLES FOR THE FUTURE

AND IT IS HAPPENING RIGHT NOW IN OUR NEIGHBORING STATE OF IOWA. THE CENTRAL IOWA POWER COOPERATIVE, OR CIPCO, HAS BEEN OPERATING ITS SYSTEM UNDER COORDINATION ARRANGEMENTS WITH IOWA ELECTRIC LIGHT AND POWER COMPANY FOR MANY YEARS. CIPCO AND CORN BELT POWER COOPERATIVE -- WITH REA FINANCING -- HAVE UNITED IN JOINT OWNERSHIP OF IOWA ELECTRIC LIGHT AND POWER'S NUCLEAR GENERATING PLANT -- THE DUANE ARNOLD ENERGY CENTER -- NEAR CEDAR RAPIDS. THIS COOPERATION AND JOINT PARTICIPATION IS MAKING POSSIBLE IMPROVED POWER FACILITIES FOR THE PEOPLE OF BOTH URBAN AND RURAL IOWA.

-12-

ANOTHER NOTABLE EXAMPLE IS THE MID-AMERICA POWER POOL IN WHICH EIGHT MIDWESTERN STATES AND MANITOBA, CANADA, ARE ELECTRICALLY CONNECTED USING GOVERNMENT-OWNED, INVESTOR-OWNED AND COOPERATIVE-OWNED FACILITIES.

IN MISSOURI, THE ASSOCIATED ELECTRIC COOPERATIVE, WORKING WITH 40 DISTRIBUTION COOPERATIVES, COMMERCIAL POWER COMPANIES AND CREDIT SOURCES IS CONSTRUCTING A 600-MEGAWATT GENERATING UNIT AND RELATED TRANSMISSION FACILITIES AT NEW MADRID. THIS UNIT WILL INCREASE THE CAPACITY OF THE NEW MADRID COMPLEX TO 1,200 MEGAWATTS -- THE LARGEST GENERATING STATION OF ITS TYPE OPERATED BY A RURAL ELECTRIC COOPERATIVE.

AND DAVE HAMIL TELLS ME THAT TEN YEARS AGO, YOU COULDN'T HAVE GOTTEN THESE 40 CO-OPS WITH THEIR DIVERSE DEMANDS AND PREJUDICES TOGETHER IN THE SAME ROOM. BUT MAYBE NECESSITY IS THE MOTHER OF COMPROMISE, AND COOPERATION, TOO -- IT'S WORKING TODAY IN MISSOURI, AS IT CAN AND MUST WORK HERE IN KANSAS AND IN THE ENTIRE NATION. THERE IS NO OTHER WAY TO OVERCOME THE ENERGY CRISIS.

-13-

BIG ACHIEVEMENTS ALREADY

LET ME CLOSE BY COMPLIMENTING YOU -- COOPERATIVES AND STATEWIDE ASSOCIATION. YOU HAVE BROUGHT THIS PROGRAM A LONG WAY FROM THAT DAY, JANUARY 6, 1936, WHEN SENATOR GEORGE NORRIS OF NEBRASKA LAID BEFORE THE SENATE HIS DREAM FOR RURAL ELECTRIFICATION ON AN AREA COVERAGE BASIS.

YOU HAVE MADE ELECTRIC POWER AVAILABLE TO REMOTE RURAL REGIONS AT A COST WHICH MADE IT POSSIBLE FOR THESE PEOPLE TO TAKE ADVANTAGE OF ITS BLESSINGS, YOU HAVE MADE RURAL AREAS BETTER PLACES IN WHICH TO LIVE. ONLY WHEN ELECTRIC POWER AND TELEPHONE COMMUNICATION LINES ARE EXTENDED INTO RURAL REGIONS CAN PROGRESS FOLLOW.

-14-

YOU HAVE PIONEERED IN THE DELIVERY OF ELECTRIC POWER. TODAY, YOU ARE ON A NEW FRONTIER WHERE YOU MUST PIONEER IN GIANT ELECTRIC GENERATING AND TRANSMISSION FACILITIES. IN 1936, the TASK OF GETTING ELECTRICITY TO FARMS LOOKED PRETTY FORMIDABLE. LET'S FACE IT. IT LOOKED IMPOSSIBLE, AND A GREAT MANY RESPONSIBLE LEADERS LABELED IT FOOLHARDY AS WELL. THE TASK OF MEETING THE NEW CHALLENGES IS STILL BIG, AND IT LOOKS TOUGH, BUT IT WILL BE CONQUERED -- IN THE SAME WAY RURAL AMERICA HAS BEEN ELECTRIFIED -- ONE STEP AT A TIME.

BIGGER CHALLENGE AHEAD

YOU AND YOUR RURAL ELECTRIC COOPERATIVES ARE NOT ONLY ESSENTIAL TO THE KANSAS COUNTRYSIDE, BUT TO THE ENTIRE NATION, URBAN AND RURAL ALIKE. THROUGH YOUR RURAL ELECTRIC UTILITY SYSTEMS, BY CONTINUING TO IMPROVE THE QUALITY OF RURAL LIFE, BY MAKING RURAL AREAS MORE ATTRACTIVE TO INDUSTRY AND TO HOMEMAKERS, ONLY YOU CAN HELP RELIEVE SOME OF THE CONGESTION AND ILLS PLAGUING URBAN AMERICA.

-15-

THE RURAL AMERICA OF TOMORROW CANNOT BE JUST A FRESH COAT OF PAINT ON THE SAME OLD STRUCTURE. THE RURAL WORLD OF TOMORROW MUST BE A MORE HEALTHFUL, MORE STIMULATING, AND MORE REWARDING PLACE TO LIVE. THIS IS PART OF THE JOB AHEAD FOR YOU.

I HAVE EVERY CONFIDENCE IN ACHIEVEMENT OF THAT GREAT FUTURE. REA IS OUT OF ITS HORSE AND BUGGY DAYS. I AM PROUD THAT I HAD A ROLE IN BRINGING ABOUT THE AMENDMENTS TO THE RURAL ELECTRIFICATION ACT EMBODIED IN P.L. 93-32 WHICH WILL HELP BUILD THE GREATER RURAL KANSAS THAT WE MODERN PIONEERS WILL SURELY BUILD TOGETHER.

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