

KANSAS ELECTRIC COOPERATIVES INC.

TWENTY-SEVENTH ANNUAL MEETING

RAMADA INN

TOPEKA, KANSAS

JANUARY 23, 1968

REMARKS OF CONGRESSMAN BOB DOLE

THE YEARS OF DARKNESS BEFORE THE RURAL ELECTRIC COOPERATIVES BROUGHT ELECTRIC POWER TO THE FARMS IN WESTERN KANSAS NOW SEEM FAR AWAY AND HARD TO IMAGINE. ELECTRIC SERVICE HAS BECOME SO MUCH A PART OF OUR LIVES THAT WE GIVE IT LITTLE THOUGHT UNLESS SOME ACCIDENT OR ACT OF NATURE BREAKS THE CIRCUIT AND CUTS OFF THE POWER.

MY INTEREST AND YOUR INTEREST IN RURAL ELECTRIFICATION AND IN YOUR ASSOCIATION COMES ABOUT QUITE NATURALLY BECAUSE WE RECOGNIZE THE ECONOMIC AND SOCIAL GAINS THE REA PROGRAMS HAVE HELPED MAKE POSSIBLE IN KANSAS.

MORE THAN HALF OF ALL THE RURAL ELECTRIC COOPERATIVES IN KANSAS -- 19 OF THE 37 -- ARE LOCATED OR SERVE IN THE FIRST CONGRESSIONAL DISTRICT. ONLY FIVE OTHER CONGRESSMEN IN THE ENTIRE NATION HAVE MORE RURAL ELECTRIC COOPERATIVES WITH HEADQUARTERS IN THEIR DISTRICTS.

- MEASURE OF NEED -

ONE MEASURE OF THE NEED FOR YOUR RURAL SYSTEMS IS THE INCREASE IN POWER CONSUMPTION BY CONSUMERS ON YOUR LINES. THIS IS ALSO ONE MEASURE OF YOUR SUCCESS IN FULFILLING THE RURAL NEED. IN THE 10 YEARS FROM 1956 TO 1966, THE AVERAGE MONTHLY CONSUMPTION PER CONSUMER FOR THE RURAL ELECTRIC SYSTEMS IN KANSAS MORE THAN DOUBLED, CLIMBING FROM 311 KILOWATT-HOURS TO 842 KWH. THIS INCREASE IS FAR ABOVE THE NATIONAL AVERAGE. IT MEANS FARM FAMILIES AND THE OTHER CONSUMERS IN RURAL AREAS OF KANSAS ARE FARMING BETTER, LIVING BETTER.

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MOST OF US IN CONGRESS RECOGNIZE THAT THE AVAILABILITY OF DEPENDABLE RURAL ELECTRIC SERVICE AT REASONABLE COST NOT ONLY HELPS THE CONSUMERS ON THE LINES BUT THE ENTIRE ECONOMY. WE ARE FULLY AWARE OF THE NEED TO ASSURE CONTINUATION OF THAT SERVICE AND THE UNHAMPERED GROWTH OF THE ELECTRIC COOPERATIVE SYSTEMS TO MEET THE INCREASING DEMAND FOR POWER IN OUR RURAL AREAS.

SUCH GROWTH FOR YOUR CONSUMER-OWNED COOPERATIVE SYSTEMS IS ESPECIALLY CRUCIAL TO CONTINUED SOUND OPERATION BECAUSE OF THE SPECIAL HANDICAPS INHERENT IN SERVING THE WIDE OPEN SPACES WHERE FARM HOMES ARE FAR APART.

- RURAL ELECTRICS AND COMMERCIAL POWER COMPANIES -

THE RURAL ELECTRIC COOPERATIVES IN KANSAS AVERAGE ONLY 1.7 CONSUMERS PER MILE OF LINE, AND THAT IS ABOUT HALF WHAT THE NATIONAL AVERAGE IS FOR BORROWERS OF REA FUNDS. YOUR REVENUES AVERAGED OUT LAST YEAR AT \$312 PER MILE, AND THIS MEANS THAT BOARDS OF DIRECTORS HAVE TO BE REAL SURE THEIR DECISIONS ARE SOUND, AND MANAGERS HAVE TO BE SOMETHING EXTRA SPECIAL TO KEEP THE OPERATIONS RUNNING SMOOTHLY. YOUR COMMITMENT IS QUITE DIFFERENT IN CHARACTER FROM THE SERVICE TERRITORY OF THE COMMERCIAL POWER COMPANIES. IN THIS STATE, THEY AVERAGE 21.4 CUSTOMERS AND \$4,836 IN REVENUES PER MILE OF LINE.

THIS DIFFERENCE, WHICH REPRESENTS A CONTINUING ECONOMIC HANDICAP, IS PART OF THE JUSTIFICATION FOR THE FEDERAL LOAN FUNDS WHICH THE RURAL ELECTRIC SYSTEMS HAVE RECEIVED THROUGH REA. THESE LOANS COME TO A TOTAL OF \$148 MILLION, OF WHICH ABOUT \$134 MILLION HAS ACTUALLY BEEN ADVANCED FOR USE BY THE BORROWERS.

- GOOD RECORD -

THE RECORD IN WASHINGTON SHOWS THAT YOU HAVE MADE TOTAL PAYMENTS OF MORE THAN \$77 MILLION ON YOUR LOANS -- \$42 MILLION REPAID ON PRINCIPAL AS IT BECAME DUE, \$26 MILLION IN INTEREST, AND \$9 MILLION AHEAD OF SCHEDULE AS A CUSHION OF CREDIT. NOT A SINGLE BORROWER IN KANSAS IS BEHIND ON PAYMENTS. THIS IS A RECORD YOU CAN POINT TO WITH SATISFACTION.

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THE GOOD CREDIT RATING OF YOUR COOPERATIVES IS ONE MEASURE OF RESPONSIBLE CITIZENSHIP. IN THESE YEARS OF GIVEAWAY PROGRAMS AND "SOMETHING-FOR-NOTHING" ATTITUDES, IT IS REFRESHING TO FIND ORGANIZATIONS AND PEOPLE WHO TAKE THEIR OBLIGATIONS SERIOUSLY AND PAY THEIR WAY.

- RESPONSIBLE LEADERSHIP -

ANOTHER AREA WHERE THE RURAL ELECTRIC SYSTEMS IN KANSAS DEMONSTRATE RESPONSIBLE CITIZENSHIP IS COMMUNITY DEVELOPMENT. WE EXPECT ANY AND EVERY ENTERPRISE TO SHOW INTEREST AND SUPPORT FOR COMMUNITY AFFAIRS, FOR ECONOMIC GROWTH, AND FOR THE WELL-BEING OF CITIZENS. BUT SOME BUSINESS CONCERNS ARE BETTER PLACED AND BLESSED WITH MORE RESOURCES THAN OTHERS.

YOUR COOPERATIVES ARE UNIQUE IN THIS RESPECT. THEY HAVE A MEMBERSHIP STRUCTURE WHICH TIES TOGETHER PRACTICALLY EVERY RURAL FAMILY AND BUSINESS ESTABLISHMENT IN AN AREA COVERING ONE OR MORE COUNTIES TO A CENTRAL HEADQUARTERS. THE COOPERATIVE OFFERS MEETING ROOMS AND A DEMONSTRATION KITCHEN, A BOARD OF DIRECTORS REPRESENTING A BROAD SPECTRUM OF COMMUNITY OPINION AND SOME OF THE FINEST LOCAL LEADERSHIP, A MANAGER AND STAFF WHO HAVE ACQUIRED SPECIAL SKILLS AND TALENTS. THE COOPERATIVE HAS A NEWSLETTER WITH BUILT-IN READERSHIP -- IN SOME INSTANCES THE BEST COMMUNICATIONS NETWORK IN THE COUNTY. IN ITS OFFICE FILES THERE IS MORE INFORMATION ABOUT THE GEOGRAPHY AND THE ECONOMY OF THE AREA THAN IS AVAILABLE IN ANY SINGLE PLACE OUTSIDE THE STATE CAPITAL.

THE AVAILABILITY OF SUCH RESOURCES MAKES THE COOPERATIVE AN IMPORTANT ELEMENT IN COMMUNITY PLANNING AND IN LOCAL ACTIVITIES. RURAL ELECTRIC COOPERATIVES, BY THE VERY NATURE OF THE SERVICE THEY PROVIDE, MUST PLAY A LEADING ROLE IN CIVIC AFFAIRS. THEY MUST AND DO ASSUME LEADERSHIP RESPONSIBILITIES. BUT WHILE THE RURAL PEOPLE IN ANY SERVICE AREA DEPEND UPON THE ELECTRIC COOPERATIVE FOR POWER AND LIGHT AND A CERTAIN AMOUNT OF LEADERSHIP IN COMMUNITY DEVELOPMENT, THE ELECTRIC SYSTEM IN TURN DEPENDS UPON THE UNDERSTANDING AND

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AND SUPPORT OF ITS CONSUMERS AND ESPECIALLY UPON THE COOPERATION AND GOOD WILL OF THE GOVERNMENTAL, POLITICAL, SOCIAL, AND BUSINESS STRUCTURE OF THE TERRITORY WHERE IT SERVES.

THIS IS A TWO-WAY STREET, WITH BENEFITS AND OBLIGATIONS FLOWING IN BOTH DIRECTIONS.

THE FATE OF YOUR RURAL ELECTRIC SYSTEMS IS LINKED NOT ONLY TO WHAT HAPPENS TO THE FARMS, BUT ALSO TO WHAT HAPPENS TO NEW RURAL INDUSTRIES AND TO OTHER REVENUE-PRODUCING RURAL BUSINESSES.

- YOUR PRIMARY RESPONSIBILITY -

WE CANNOT AND SHOULD NOT EXPECT THE FEDERAL GOVERNMENT TO STEP IN AND SOLVE ALL OF OUR PROBLEMS. IN MY OPINION, THERE IS TOO MUCH OF THAT ALREADY. BUT AT THE SAME TIME OUR ECONOMY AND OUR SOCIAL STRUCTURE HAVE BECOME SO COMPLEX THAT EVERY COUNTY SEAT IN THE STATE IS AFFECTED BY WHAT HAPPENS IN THE NATION'S CAPITAL. WHAT WE MUST SEEK -- WHAT WE MUST OBTAIN FOR OUR VERY SURVIVAL -- IS A KIND OF WORKING PARTNERSHIP WHICH HARNESSSES APPROPRIATE FEDERAL ASSISTANCE TO LOCAL ENTERPRISE, WITH LOCAL OWNERSHIP AND CONTROL.

THERE IS A GOOD PATTERN FOR THIS SORT OF TEAM WORK IN YOUR RURAL ELECTRIC COOPERATIVES. HERE ARE 37 PRIVATE BUSINESSES OWNED JOINTLY BY NEARLY 100,000 KANSAS RESIDENTS AND INCORPORATED UNDER THE LAWS OF THE STATE OF KANSAS, BENEFITING FROM REA FINANCING AND TECHNICAL ASSISTANCE AND REPAYING THOSE FUNDS SO THEY CAN BE REUSED BY THE U.S. TREASURY FOR OTHER PURPOSES.

- SUPPLEMENTAL FINANCING -

NOW THAT THESE SYSTEMS ARE MATURING, IT HAS BECOME APPARENT AND PERHAPS EVEN IMPERATIVE THAT YOU EXPLORE ALTERNATIVE SOURCES OF FINANCING. FOR ONE THING, THE COST OF THE FACILITIES YOU NEED TO KEEP UP WITH INCREASING POWER LOADS EXCEEDS WHAT CAN BE REASONABLY EXPECTED FROM AN ALREADY OVERLOADED FEDERAL BUDGET. I KNOW, ALSO, THAT THOSE RURAL ELECTRICS WHICH NOW HAVE DEVELOPED ADEQUATE REVENUES FOR SOUND OPERATION PROBABLY WOULD PREFER A SOURCE OF

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ADDITIONAL CAPITAL WHICH THE COOPERATIVES THEMSELVES CAN SUPERVISE AND CONTROL.

AS A RANKING MEMBER OF THE HOUSE AGRICULTURE COMMITTEE, I AM FAMILIAR WITH THE BILLS WHICH WOULD PROVIDE SUPPLEMENTAL FINANCING FOR RURAL ELECTRIFICATION. I HAVE HEARD MANY HOURS OF TESTIMONY IN 1966 AND IN 1967 AND WAS ONE OF FIVE CONGRESSMEN WHO VOTED TO CREATE A FEDERAL BANK FOR RURAL ELECTRIC SYSTEMS WHEN THIS PROPOSAL WAS BEFORE THE CONSERVATION AND CREDIT SUBCOMMITTEE IN AUGUST 1966.

ALTHOUGH THE BILL WAS STALEMATED BY A TIE VOTE IN 1966, THERE WAS A CLEARER UNDERSTANDING OF THE ISSUES INVOLVED. THE NEED FOR SOME KIND OF CREDIT INSTITUTION, THEREFORE, WAS MORE FULLY APPRECIATED WHEN A SIMILAR PROPOSAL WAS REINTRODUCED IN THE 90TH CONGRESS. THIS WAS IMPORTANT, BECAUSE AS I POINTED OUT IN MY ADDRESS AT THE NRECA ANNUAL MEETING IN SAN FRANCISCO LAST FEBRUARY, THERE HAD NOT BEEN SUFFICIENT TIME TO DEVELOP A FULL JUSTIFICATION FOR THE BILL IN THE COMMITTEE HEARINGS OF THE 89TH CONGRESS.

IN THE 90TH CONGRESS, I FOUND A SIGNIFICANTLY BROADER UNDERSTANDING OF THE FINANCING PROBLEM WHICH THE RURAL ELECTRIC SYSTEMS WERE TRYING TO SOLVE. IN THIS SECOND TRY FOR A BANKING BILL, WE HAD A GREAT NUMBER OF SUGGESTIONS -- VARIOUS PROPOSALS ALL OF WHICH POINTED TO THE INCREASED ATTENTION WHICH WAS BEING GIVEN TO THE PROBLEM.

IT BECAME APPARENT FROM THE WIDE RANGE OF OPINIONS ADVANCED, THAT THERE WAS NO SINGLE BLUEPRINT WHICH WOULD PLEASE EVERYBODY. NOT EVEN ALL THE OFFICIALS WHO SPOKE FOR THE RURAL ELECTRIC SYSTEMS WERE IN AGREEMENT.

IT WAS MY HOPE DURING THE HEARINGS TO WORK OUT A COMPROMISE WHICH WOULD GIVE THE COOPERATIVES ACCESS TO NEW CAPITAL IN THE PRIVATE MONEY MARKET AND ENABLE THEM TO MEET THEIR RESPONSIBILITIES TO THEIR RURAL CONSUMERS WITHOUT COMPLETE DEPENDENCE UPON A FEDERAL LENDING AGENCY AND WITHOUT INVADING THE PROVINCE OF COMMERCIAL POWER COMPANIES.

MOST OF YOU KNOW THAT MANY TIMES SUCCESSFUL LEGISLATION IS THE RESULT OF "GIVE-AND-TAKE". THE SUPPLEMENTAL FINANCING BILL WHICH I INTRODUCED LAST YEAR, H. R. 7698, RECOGNIZED THERE WERE SHARP DIFFERENCES OF OPINION AND WAS AN ATTEMPT TO PULL TOGETHER THE BEST FEATURES OF A BANKING BILL WHICH WOULD HAVE A GOOD CHANCE OF WINNING THE SUPPORT NEEDED FOR PASSAGE.

WHILE WE CAME CLOSE TO A WORKABLE AGREEMENT, THE PRESSURES OF CONFLICTING VIEWS DID NOT PERMIT A SATISFACTORY IRONING OUT OF THE DIFFERENCES IN THE LEGISLATIVE PROPOSALS. THESE DIFFERENCES FINALLY SCUTTLED THE BILL.

AS A RESULT, THERE ARE SERIOUS QUESTIONS NOW ABOUT THE WISDOM OF MAKING ANOTHER ATTEMPT TO GET A RURAL ELECTRIC BANKING BILL CONSIDERED IN THE IMMEDIATE FUTURE -- THAT IS, THIS YEAR.

IT MAY BE THAT A COOLING-OFF PERIOD MIGHT HELP BRING ABOUT A SOLUTION TO SUPPLEMENTAL FINANCING FOR THE RURAL ELECTRICS. NONE OF THE COOPERATIVES WILL GO DOWN THE DRAIN THIS YEAR OR NEXT FOR LACK OF NEW CAPITAL. CONGRESS HAS AUTHORIZED AMPLE FUNDS TO TAKE CARE OF ANTICIPATED REA LOAN REQUIREMENTS FOR THE 1968 FISCAL YEAR.

- PLAN FOR ACTION -

MEANWHILE, YOU ARE TO BE CONGRATULATED ON THE CONSTRUCTIVE MANNER YOUR STATE AND NATIONAL LEADERS ARE RESPONDING TO THE TEMPORARY SETBACK IN YOUR HOPES FOR SUPPLEMENTAL FINANCING. YOUR NATIONAL ORGANIZATION HAS UNDERTAKEN A GRASS-ROOTS STUDY OF BASIC OBJECTIVES IN THE RURAL ELECTRIFICATION PROGRAM AND A REVIEW OF VARIOUS ALTERNATIVES FOR FINANCING TO MEET THOSE OBJECTIVES. THIS IS A SOUND APPROACH. THE COMMITTEE APPOINTED BY THE PRESIDENT OF THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION SEEMS TO BE BROADLY REPRESENTATIVE OF THE VARYING VIEWPOINTS WITHIN THE RANKS OF THE RURAL ELECTRIC SYSTEMS. THE COMMITTEE'S ANNOUNCEMENT OF HEARINGS TO BE HELD AROUND THE COUNTRY INDICATES A LAUDABLE INTENTION TO WIN A CONSENSUS FOR WHATEVER COURSE IS UNDERTAKEN.

I WOULD OFFER A NUMBER OF SUGGESTIONS AS YOU SEARCH FOR WAYS OF ACQUIRING NEW CAPITAL THROUGH LEGISLATIVE ACTION BY THE CONGRESS.

ONE. REA LEADERS COULD NOT ALL AGREE ON A BILL. THERE MUST BE MORE SUBSTANTIAL ACCORD NEXT TIME.

TWO. IT WAS SAID THAT YOU WERE PERHAPS IN TOO MUCH OF A HURRY. IN THE FUTURE MORE TIME SHOULD BE ALLOWED FOR LAYING GROUNDWORK.

THREE. ADEQUATE ALLOWANCES WERE NOT MADE FOR THE VALIDITY OF OBJECTIONS TO THE BILL OR FOR THE STRENGTH OF THE OPPOSITION. MORE EFFORT SHOULD BE DEVOTED TO UNDERSTANDING THE POINT OF VIEW OF THOSE WHO DIFFER WITH YOUR PROPOSAL.

FOUR. THE SUBJECT WAS COMPLEX AND COMPLICATED -- ESPECIALLY WITH REGARD TO AN EXPRESSED NEED FOR FINANCING GENERATING PLANTS AND ACQUISITIONS -- AND PERHAPS ENOUGH WAS NOT DONE TO MAKE YOUR PROPOSALS EASY TO UNDERSTAND.

FIVE. CONTINUING EFFORTS SHOULD BE MADE TO GAIN BROAD BIPARTISAN SUPPORT.

SIX. EXAMINE ANY FUTURE LEGISLATIVE PROPOSAL IN THE CONTEXT OF THE ENTIRE ECONOMY AND THE WHOLE POLITICAL ARENA. BROAD SUPPORT FROM GROUPS OF CITIZENS OF VARIOUS PERSUASIONS IS A NECESSITY. TO WIN, A FLEXIBLE APPROACH MUST BE ADOPTED BASED ON THE REALITIES OF THE SITUATION AND ON THE REALIZATION THAT NO ONE SEGMENT OF AN INDUSTRY CAN HAVE ITS HEART'S DESIRE TO THE EXCLUSION OF OTHERS.

- CONCLUSION -

RURAL ELECTRIFICATION HAS MADE SUBSTANTIAL CONTRIBUTIONS TO RURAL LIVING. YOU CAN POINT TO IMPROVEMENTS IN AGRICULTURAL PRODUCTION, TO BETTER LIVING CONDITIONS, TO THE INTRODUCTION OF NEW BUSINESSES AND INDUSTRIES. I BELIEVE THE RURAL ELECTRIC COOPERATIVES ARE RESPONSIBLE FOR STILL OTHER CONTRIBUTIONS LESS EASY TO DOCUMENT BUT HIGHLY IMPORTANT TO THE KIND OF LIFE WE ESTEEM. THE RURAL ELECTRIFICATION EXPERIENCE HAS STIMULATED EDUCATION AND SELF-RESPECT. PARTICIPATION IN COOPERATIVES HAS DEVELOPED COMMUNITY LEADERS AND INCREASED INTEREST IN LOCAL AND NATIONAL AFFAIRS. IN A VERY REAL SENSE, THE KIND OF LEADERSHIP

WHICH YOU EXERCISE IN MEETINGS LIKE THIS ONE IS A TRAINING GROUND FOR FREE MEN TO USE IN DEFENDING THEIR FREEDOM AND IN ATTAINING THEIR OTHER GOALS.

I SHARE WITH YOU AN ENTHUSIASM FOR YOUR GOALS. RURAL ELECTRIFICATION IS NOT A BLESSING THAT ANY OF US SHOULD TAKE FOR GRANTED NOW THAT THE LINES ARE BUILT. NOR IS RESPONSIBLE CITIZENSHIP SOMETHING THAT COMES AUTOMATICALLY.

THERE ARE GREAT TASKS AHEAD. I HOPE THAT WE MAY SHARE THEM.