

Pennsylvania Rural Electric Association Serves 600,000 Residents

The Pennsylvania Rural Electric Association (PREA), based in Harrisburg, Pa., is the service organization for the non-profit, consumer-owned rural electric cooperatives in Pennsylvania and New Jersey. Currently, the 13 co-ops in Pennsylvania and one in New Jersey provide electric service to more than 600,000 rural residents, businesses and industries. Pennsylvania's co-ops own and maintain about 12.5 percent of the electric distribution lines in the state, covering nearly one-third of the Commonwealth's land area in 41 counties. These lines represent one of the largest non-governmental investments in rural infrastructure in the state and are an essential component of business and industry.

PREA's 14-member board of directors — one director elected from each of its member cooperatives — conducts the association's business to best serve the consumers members of the co-ops.

PREA works jointly with Allegheny Electric Cooperative, Inc., a generation and transmission cooperative that provides wholesale power to the 14 co-ops.

HISTORY

As late as the 1930's, only six

out of every 100 rural Pennsylvanians knew the miracle of the electric light bulb in their homes. The reason — establishing power companies in Pennsylvania and New Jersey had decided that running electric lines into rural areas would not make them a profit.

As a rule, power companies charged farmers \$2,000 to \$3,000 per mile to build lines to their homes and then charged electric rates higher than those in the cities. Since the average gross income of a farm family of the period was just \$1,800 per year, most couldn't afford electric service.

In many areas, power was not available at any cost. For a time it seemed the profit needs — greed — of stockholder-controlled private power companies would condemn most of Pennsylvania's and New Jersey's rural population to live forever with kerosene lamps and hand pumps.

But rural leaders and a handful of politicians were not ready to accept the status quo. They began working to demonstrate that electric power could be provided to rural areas at a reasonable cost and began developing a business structure to make that delivery possible.

In 1931, New York Governor Franklin D. Roosevelt established the Power authority of the State of New York (PASNY) to develop water power on the St. Lawrence River. PASNY produced the first study on the actual costs of electric distribution and helped demonstrate the practicality of providing electricity to rural area.

The first official federal action in the process leading to rural electrification came in 1933 with the formation of the Tennessee Valley Authority (TVA). The act enabling the TVA authorized the construction of transmission lines to serve farms and small villages "not otherwise supplied with electricity at reasonable rates" and gave preference in the sale of power to "cooperative organizations of citizens or farmers."

In 1935, armed with studies showing both the economic feasibility and the benefits of providing electricity to rural areas, then-President Roosevelt signed an executive order forming the Rural Electrification Administration (REA).

The REA program was initially intended as an inducement to the private power companies to begin serving rural areas. But even with the incentives provided by 2 percent REA loans, the private power suppliers showed little interest in building the necessary lines. By the end of 1935, it was clear that the private power companies weren't serious about acting on the government's offer to electrify the countryside. Most of the

loan applications and inquiries REA received came from farm co-ops. REA now realized that farmers and their rural neighbors were willing to take electrification into their own hands on a cooperative basis.

Farmers had long experience with cooperatives. In fact, the co-op was the business structure rural people adopted when confronted with a task too large for any family to handle itself.

It was natural then that rural leaders chose to form another kind of co-op to provide themselves and their neighbors with electricity. Since extending central station electric service required very specialized engineering skills, many in Congress were convinced rural electrification would never be accomplished without REA receiving regular appropriations and full status. So in 1936, one year and 20 days after REA had been created, Congress passed legislation making REA a permanent government agency. In 1939, REA became part of the U.S. Department of Agriculture.

On October 20, 1994, a sweeping reorganization of the Ag Department took place. As a result, after 59 years of existence, REA was officially disbanded. Most REA functions were transferred to a new Rural Utilities Service (RUS).

But the mission of rural electrification continues. Today, about 1,000 electric cooperatives across the United States provide power to more than 25 million consumer members. Each co-op is a locally owned, taxpaying business incorporated under the laws of its individual state.

Rural electric cooperatives have been delivering low-cost electric service to Pennsylvania and New Jersey rural residents since 1936, when the Steamburg Electric Cooperative Association (later consolidated into Northwestern Rural Electric Cooperative) was established in Erie and Crawford counties.

The 14 rural electric cooperatives that today comprise PREA were organized between 1936 and 1941. By the time the Japanese attacked Pearl Harbor on December 7, 1941, all of them had gone through the pangs of becoming organized, of getting their first loans, of making arrangements for power supply at least on a short-term basis and had begun construction of lines to reach their unserved neighbors.

With the outbreak of WWII, the co-ops realized they need a statewide organization to speak for them as one voice on legislative issues. The co-ops created PREA in February 1942.



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