

Cooperative Services Branch

Rural Electric Co-ops do more than keep the lights on.

May 20, 2022



Source: John Bayler Photography

May 20th celebrates 86 years since the passage of the Rural Electrification Act of 1936. This legislation provided funding for electric distribution that many rural residents now take for granted. When the Act passed only 11percent of farms had electric power, leaving many to milk by hand, use spring houses or purchase ice for refrigeration, use kerosene to heat poultry brooders and light lamps in the house, and use wood stoves for cooking and heating water for washing.

Initially it was thought that the investor-owned electric providers would use low interest government loans to extend electricity into rural areas. However, this did not materialize. The following year the Electric Cooperative Corporation Act passed. This provided a model cooperative law states could use to create cooperatives to develop and operate non-profit consumer owned electric distribution. Resulting in today's Rural Electric Cooperatives. This was a huge success, in just over 15 years, 90 percent of farms had electric service. Today that number has increased to 99 percent.



Rural electric cooperatives have not stopped there. They strive to keep rural communities connected to the world, by providing broadband services and community development opportunities in the communities they serve.

“We were happy to assist Wabash in the construction of their new headquarters and be a part of bringing better, more efficient service to their members”

Matt Conklin, CEO Clay Electric Cooperative

One such example is Clay Electric Cooperative, Inc. of Flora Illinois. The non-profit's operations began in 1944 with 39 miles of line serving 49 member owners. Today they serve members in a 7-county area with 862 miles of line and just over 3,200 member owners. Keeping with the sixth principles of cooperation (see cooperative principles in sidebar) Clay Electric used USDA Rural Development's Rural Economic Development Loan (REDL) program to provide a pass-through loan to Wabash Co-op, preserving 127 jobs in the communications co-op. The funds will allow Wabash Communications Co-op to modernize bringing broadband and fiber optics to rural businesses, schools, and homes.

COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Co-operation and Cooperatives
7. Concern for Community

<http://www.ica.coop/coop/principles.html>

The Rural Electrification Act was the start of providing equitable services to rural communities. And while REA has undergone many changes since 1936, the mission to provide services to their rural members remains. Rural Electric cooperatives have embraced cooperative principles, and are working with other cooperatives and businesses in their communities to enhance access to services that promote business development, job creation and retention which support a bright future for the communities they serve.

For further information about cooperatives and services see these resources:

[Co-ops 101 \(Español\)](#)

[Co-op Essentials](#)

[“The New Deal Co-ops, Depression-fighting strategies involved co-ops in ag. Utilities and health-cares sectors” Rural Cooperatives Magazine; Vol. 81, No.2, Pg. 22.](#)

[National Rural Electric Cooperative Association](#)

[Rural Economic Development Loan](#)

[Rural Utility Service \(RUS\)](#)

This Bulletin was produced by Debbie Rausch, USDA Rural Development, with assistance from Mary Warren, USDA Rural Development-Illinois. To contact the author: Deborah.Rausch@usda.gov

Please note: the focus on the cooperatives in this bulletin is for example and informational purposes and does not signify endorsement over other companies' products and services. If you would like to reach out with your own cooperative story, we would love to hear it, simply contact us. coopinfo@usda.gov

Signup for USDA emails and updates [GovDelivery](#)

Cooperative Service Branch Bulletins fall under **Cooperative Development**

Contact Us

[USDA Rural Development](#)

Rural Business-Cooperative Service

Business Development Division

[Cooperative Services Branch](#)

coopinfo@usda.gov