

PREFACE

The 1981 board of directors and manager of Red Lake Electric Cooperative thought it would be of interest to all if a synoptic view of the beginnings and development of the Cooperative were compiled. Not a long detailed history of facts and figures, which could fill a large volume and prove boring, but a sketch of some of the more pertinent happenings that led to the establishment of the Cooperative as we know it today.

Names will be used sparingly for two reasons. Firstly, because literally hundreds of people have made great contributions in time and effort, and to name them all would be impossible. Secondly, there would be the danger of omitting some who really deserved mention, and we would be embarrassed.

We feel that the story of Red Lake Electric is an inspiring and interesting one, and of which all the membership can well be justly proud. If the enthusiasm, support, and faith of the members, as expressed so far is maintained, there is every reason to believe that Red Lake Electric will continue to provide good service at low cost as far as we can see into the future.

Ron Kennedy, Manager
Raymond Parnow, President
Richard Weiss, Vice-President
Millard Dailey, Secretary-Treasurer
Lanis Karel
Verner Arveson
Veral Mosbeck
Robert Olson
Norman Dufault
Harold Lambert

THE FORMATIVE YEARS

Like the little boy asked when his father told him that the first American had landed on the surface of the moon, "Why did it take them so long?" Some ask, "Why did it take so long to get electricity on the farms in this area?" It is really quite difficult to take the reader back in time to the "Great Depression" of the 1930's and to understand how almost hopeless the people felt about economic conditions.

In October of 1929 the stock market in New York came to an almost complete collapse. Some people were considered wealthy one day and the next they were destitute. Country banks as well as city banks were closed - completely insolvent. People were happy to get any kind of job even at \$1.00 - \$1.50 per day. Farm prices were at rock bottom. Eggs were selling for \$.08 per dozen, butter fat at \$.12 per pound, wheat dropped to \$.29 per bushel. Hogs sold for \$2.00 - \$4.00 per hundred weight, cattle sold for \$10.00 - \$20.00 per head and other things accordingly. Farm mortgages were being foreclosed, land was selling from \$3,000 - \$4,000 per $\frac{1}{4}$ section with good farm buildings and very few sales at that. So against that backdrop, it was no wonder that bringing electricity to the farms seemed to be an impossibility.

However, a few national leaders such as Senator George Norris of Nebraska and Governor Gifford Pinchot of Pennsylvania had not given up hope of sponsoring legislation to establish a government program to aid in electrifying rural America. Finally, in 1935 a Rural Electrification Act was passed and signed by President Franklin Roosevelt. The thrust of this Act was for the Government to loan money at low interest rates to private utilities to get farms and ranches electrified. However, the private utilities did not feel there would be sufficient revenue produced to anywhere near pay for the effort, so little was accomplished!

In 1936 the R.E.A. Act was amended so that loans would be made to cooperatives at low interest rates to get the job done. Even then progress was slow. State laws regarding taxation and franchises had to be passed, as eventually they were.

Early attempts had been tried. Northern States Power Company built a line from the transmission line east into Terrebonne and offered to pick up some farms on the way. However, the rates and terms were beyond their ability to meet so the line was torn down and the project abandoned. This happened in the 1920's. A few farms along the transmission lines north and south of Red Lake Falls were and still are being served. They came about as an easement agreement and the rates were to be the same as the City of Red Lake Falls.

A few farms in and near the City of Thief River Falls were served by the municipal plant. These have been turned over to Red Lake Electric for service.

The Extension Service, working through the county agents and farm organizations, helped to promote interest in getting electricity on the farms and forming cooperatives to borrow from the new Rural Electrification Administration.

Red Lake County Agent, Ernest Palmer, called a meeting in the courtroom in Red Lake Falls in early 1938 to explain the program. About 15 interested farmers attended. At about the second meeting Palmer said, "We can hold meetings all summer, but if we don't decide to go ahead and form our electric cooperative it will amount to nothing."

George Remick Sr. was the first man to get to his feet and walk to the front with a five dollar bill in his hand and said, "I

want to be the first one to buy a membership." The rest followed suit and the Cooperative was formed.

On July 30, 1938, the group voted to incorporate and get underway. The incorporators were; Fred Berberich - Erskine, C. W. Beyer - Red Lake Falls, Selmer A. Walhaug - Oklee, George Remick - Red Lake Falls, Octave Varin - Brooks, Jos. W. Ste. Marie - Red Lake Falls, Victor Medchill - Plummer, Millard Dailey - Red Lake Falls.

William Ervin, then Secretary of State of Minnesota, approved the application for incorporation and the Cooperative was a legal entity to do business.

Jos. W. Ste. Marie was President, C. W. Beyer Vice-President, and Fred Berberich was Secretary-Treasurer.

At about this same time a group of farmers in Pennington County were also active in trying to organize a cooperative. Some of the names were Carl Swanson, J. G. Newland, Stephen Singer and Mons Engelstad.

Ralph Rice, Fieldman for R.E.A., urged the two groups to merge as either group would be too small to sustain a successful business. He also urged a larger membership fee and a great need to get many more members.

The first annual meeting was held March 8, 1939, with 253 members present at the Community Hall in Red Lake Falls. By this time the Pennington County group and the Red Lake County group decided to merge into the Red Lake Electric Cooperative. The board at that time consisted of E. E. Hill, President, Carl Swanson, Vice-President, Stephen Singer, Secretary-Treasurer. Directors were C. W.

Beyer, Jos. W. Ste. Marie, George Remick, J. G. Newland and Mons Engelstad.

Getting memberships in the Cooperative was most difficult. Many hours and days were spent in urging farmers to join. A rumor was about that a member might be personally liable if the Cooperative failed. This was not true, however. Finally, the board hired a few solicitors at \$4.00 per day to travel the countryside to urge the farmers to become members. Even then progress was disappointingly slow, although no one felt like quitting.

PRE-WAR CONSTRUCTION

Finally in 1940 R.E.A. granted a loan of \$243,000 to begin construction of lines. This sounded like a tremendous amount of money, but there was no turning back.

At a bid opening on June 11, 1940, the Sorkness Construction Company of Jamestown, North Dakota was the low bidder. This contract was to build 238 miles of line. Most of the line work was done by hand; holes for the poles were dug by hand with long handled shovels, brushing by axe and crosscut saw, poles were raised by pike poles and tamped by hand, but good progress was made.

Meanwhile the wiring of farmsteads was a problem. Numerous meetings were held throughout the area with farmers, wiring contractors, state electric inspectors and others. Farmers were advised of the cost, requirements, and financing to get the farm ready for the powerline. In spite of the fact that a decent wiring job could be done for \$200 - \$300, many found raising the money difficult. R.E.A. agreed to advance \$5,000 to the Cooperative to

reloan to the members for wiring. Later \$10,000 more was loaned for the same purpose. It was a busy time that summer, fall, and winter. It was quite common for wiring crews to room and board at the farm. Finally, the work was complete, the inspections done, and several hundred farms were ready for service. On March 14, 1941, meter number one was installed at Terrebonne on the Dona Rivard farm. Then Red Lake Electric was a going concern.

WHY MINNKOTA?

We are a little ahead of our story, however. Building lines and wiring farmsteads was all good, but it would have been in vain if a source of electric energy was not found. Now this was not an easy problem to solve.

Contact was made with various power suppliers. Power companies were not at first too interested, but finally did make proposals, but the wholesale price was high. Thief River Light and Power Co., after study, did not feel that they had enough extra power available. Other electric cooperatives in the area were having the same problem, so after a meeting at Halstad, Minnesota the concensus of opinion was that R.E.A. be approached to loan money to build a generating station. Cooperatives in neighboring North Dakota were considering the same solution. Time was short because power had to be found for the lines.

Another meeting was held in Grand Forks, North Dakota. At this meeting it was decided to go ahead and request R.E.A. for funds to build a generating station for the ten cooperatives involved. After much negotiation a loan was made to a new cooperative to be known as Minnkota Power Cooperative with headquarters in Grand Forks, North Dakota. Andrew Freeman was named manager. Until the generating plant was complete, power was furnished by the North

Dakota State Mill and Elevator in Grand Forks, who had some surplus power.

Under the outstanding leadership of Andrew Freeman, Minnkota has grown to a very large utility. Today Minnkota has \$256,000,000 in assets and enough capacity on line, or available in the future to care for the total loads of its connected systems until very nearly the year 2000.

Red Lake Electric is one of the members of Minnkota Power. The wholesale rate is one of the lowest in the United States.

POST WAR CONSTRUCTION AND LOAD BUILDING

When World War II came along, building new lines and new services came to an abrupt halt. All the money and material had to go into the war effort. A few services could be built if the lines were short and farms had enough production units of milk, beef, pork, and grain, etc. to contribute to the economy to justify the material necessary to extend the service. A few qualified.

But as soon as the war was over, there was a great pent up demand for service. Nearly everyone wanted service as soon as they could get it. Delegations from various communities appeared before the board meetings asking to speed up construction. Line material was hard to get. Not much was produced during the war and the demand was great because every utility in the United States was placing orders and the manufacturers could not keep up. To compound the problem contractors could not handle all of the business.

So it was a rather hectic time. Farmers wanted service, material

orders were delayed from six months to one year, and contractors were swamped.

Manager Orville Overmoen felt the answer to this problem was to develop construction crews of our own. The board agreed. So trucks, tools, equipment were bought, crews hired and the manager scoured the country for hard to get material.

Poles and conductor were especially hard to get items. The manager was persistent and worked every angle to get everything needed. Several carloads of conductor was located in eastern Canada. The amount of material coming in was amazing. As a result many farms received service a year or more ahead of the time they might have if "force account" construction had not been undertaken.

It became evident the only way the Cooperative would become financially sound was to build the load up quickly. Originally it was thought 100 KWH per farm per month was a good goal. Quickly it was realized that 100 KWH per farm per month would not produce enough revenue to pay the bills. So numerous gimmicks were tried to build load like frypan sales, exhibits and shows, and cooking schools. Minnkota sponsored traveling shows to urge greater use of electricity.

R.E.A. made funds available for reloan to members to purchase appliances, install water and sewage systems. Salesmen were employed to explain the advantages of all electric living to the members. As a result there was a great increase in KWH sales. Everyone benefited and a new way of living was enjoyed by the members.

It became evident that to increase load growth and to serve the

members better, we needed a more orderly development, so Lester Keifenheim was hired as our Power Use Advisor and Appliance Sales Director. To measure the success of this venture, we only have to look at what has happened up until now.

Electricity is one of the cheapest forms of energy available and members have availed themselves of it to convert to an electric economy. Appliance sales and service were never intended to make a lot of money for the Cooperative but to better advise and serve the members.