

Study Guide for Test

1. WHAT IS THE RURAL ELECTRIFICATION PROGRAM?

It refers to a partnership effort of the Federal Government and electric systems owned by those they serve. The Federal Government provided loans on favorable terms through the Rural Electrification Administration (REA), which is now the Rural Utilities Service (RUS). Farmers and other rural residents provided the initiative and leadership in organizing, constructing and operating their own electric service for themselves, their neighbors and future consumers in their area.

2. WHAT IS RUS?

RUS is the designation for the Rural Utilities Service. This is a government agency, a part of the U.S. Department of Agriculture, with offices in Washington, D.C. It administers the Rural Electrification and Telephone Revolving Fund, insures loans from the fund and guarantees loans from other private sources. Loans are made to cooperatives, public power districts, municipal electric systems and power companies which are willing to use the funds to provide initial and continuing electric service on an area-wide basis to unserved farms, residents, businesses and industrial plants, schools, churches and other establishments in rural areas.

3. HOW WAS RUS CREATED?

President Franklin D. Roosevelt created the Rural Electrification Administration by Executive Order on May 11, 1935. The agency was given continuing status and its authority and responsibilities were clarified in the Rural Electrification Act, passed by Congress the following year. From 1944 until the end of 1972, loans were made for a period of 35 years at 2% annual interest. Favorable rates of interest are now limited to those systems which have a special need for and can justify the lower rate.

4. WHAT IS THE NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION?

It is a service organization representing more than 1,000 electric cooperative distribution systems, public power districts and public utility districts in 47 states. Through NRECA, member systems provide themselves services which would be unavailable or too expensive if each system, individually, attempted to provide these services to itself. By working together through the Association, member systems are able to provide better services to their members at the lowest possible cost. NRECA is not supported by government funds nor is it an agency of the Federal Government. Non-fee services are supported by dues contributed by member systems. NRECA policies are determined by vote of member delegates each year at an Annual Meeting.

5. WHY WAS RUS AND THE RURAL ELECTRIFICATION PROGRAM NECESSARY?

Only 10 percent of the farms in this country had electric service by 1935 when RUS was created. Electric companies which were either unable or unwilling to build lines into territory that was economically poor or thinly populated or where the terrain was difficult had bypassed most rural areas. Where farmers did get electricity they generally were required to pay the construction costs of extending the lines, which became company property, and then had to pay as much as 8 to 10 cents per kilowatt-hour (and in some instances 25 and even 40 cents per kWh) for service.

6. WHAT EXACTLY IS A COOPERATIVE?

It is a business enterprise that is jointly owned and equally controlled by those who use it. It is a form of business more interested in service to people than in making dollars, though it must, of course, take in enough money to cover operating costs. Some examples of well-known cooperatives are Land O' Lakes, Sunkist, Ocean Spray and Welch's.

7. HOW DOES A COOPERATIVE DIFFER FROM OTHER FORMS OF BUSINESS ENTERPRISE?

The cooperative form of business is based on the Rochdale Principles of Cooperation, which are considered guidelines for cooperatives around the world. In a cooperative, membership and joint ownership are open to all who want to use its services. Generally, there is a nominal membership fee. To insure democratic control, each member has one vote, regardless of their investment or use of the facilities. A cooperative's nonprofit status is generally spelled out in its bylaws and sometimes by the state law under which it was incorporated.

8. HOW IS A COOPERATIVE 'NON-PROFIT'. HOW DOES THIS WORK?

This idea is very simple. Any margins left over after all expenses, including taxes, are paid belong to the patrons and not to the cooperative enterprise. In practice, this can get pretty complicated. The electric cooperative must use the money left over at the end of the fiscal year to repay RUS loans, set up reserves and provide operating cash to carry on its current operations. The margins are credited back to members from special capital credit accounts for repayment at a future date. The accumulation of capital credits represents the members' equity or measures their share of ownership in the business. From time to time, as the financial position of the cooperative permits, part of these capital credits are paid back to the members.

9. DO COOPERATIVES PAY TAXES?

Yes. Electric cooperatives pay taxes on the same basis as other businesses. They also pay franchise fees to the cities and towns in which they serve. They do not pay income taxes because all margins (profits) are returned to the members/owners in the form of capital credits.

10. DO THE MEMBER/OWNERS OF ELECTRIC COOPERATIVES HAVE MORE INFLUENCE OVER THE BUSINESS DECISIONS AT THEIR UTILITY THAN CUSTOMERS AND INVESTORS OF COMMERCIAL SYSTEMS?

Yes. Each member/owner of an electric cooperative has one vote. By electing the person(s) they feel will best represent them on the board of trustees of their electric cooperative, they have a say in the way their cooperative is run. The trustee representatives make decisions on behalf of those they represent.

11. HOW CAN MEMBER/OWNERS AND THEIR FAMILIES EXERT INFLUENCE IN THE LEGISLATIVE PROCESS?

They can take part in the political process. Registering to vote, helping in voter registration programs, developing and engaging in voter education programs, learning as much as possible about the candidates and the issues, never failing to vote and encouraging other voters to cast their ballot are good ways to get started.

COOPERATIVE FACTS & FIGURES

1. There are 20 distribution electric cooperatives in South Carolina.
2. Electric cooperatives serve more than 1 million South Carolinians in 46 counties.
3. Electric cooperatives build and maintain three times the miles of power lines than any other utility in South Carolina—68,100 miles of line covering 70% of land area.
4. Electric cooperatives employ approximately 60,000 people nationwide in a great variety of professional, technical and business positions. Career opportunities are available at the local, state and national level.

UTILITY TERMS

1. CAPITAL CREDITS/PATRONAGE CAPITAL -

Any payments made by co-op members in excess of the cost of service are essentially capital investments by the members and are assigned to each member's account.

2. GENERATION AND TRANSMISSION (G & T) -

A power-supply cooperative which is owned by, and provides wholesale power to, a group of distribution cooperatives which in turn sell power to retail customers like you.

3. DIRECT CURRENT (DC) -

Electricity that flows continuously in one direction.

4. ALTERNATING CURRENT (AC) -

Electric current that reverses its direction regularly.

5. INVESTOR OWNED UTILITY (IOU) -

A stockholder-owned power company that generates and distributes electric energy for a profit. Duke Power and Progress Energy (formerly CP&L) are investor-owned utilities.

6. UTILITY-

A cooperative or company that provides electricity, water, gas or telephone service for residential and commercial use.

7. ELECTRICITY-

Electric current or power that results from the movement of electrons in a conductor from a negatively charged point to a positively charged point.

QUICK FACTS ABOUT LYNCHEs RIVER ELECTRIC COOPERATIVE

1. WHO IS THE INTERIM CEO OF LYNCHES RIVER ELECTRIC COOPERATIVE?

David Altman

2. HOW MANY TRUSTEE REPRESENTATIVES ARE THERE ON LYNCHES RIVER ELECTRIC COOPERATIVE?

Nine

3. WHO IS THE CHAIRMAN OF THE BOARD OF TRUSTEES OF LYNCHES RIVER ELECTRIC COOPERATIVE?

Scott Croxton

4. WHAT TIME OF YEAR AND WHERE IS LYNCHES RIVER ELECTRIC COOPERATIVE'S ANNUAL MEETING HELD?

In the fall at Central High School in Pageland

5. WHAT IS THE SOURCE OF POWER FOR LYNCHES RIVER ELECTRIC COOPERATIVE?

Santee Cooper is our wholesale power supplier.

6. WHAT IS THE NAME OF THE MAGAZINE PUBLISHED BY THE ELECTRIC COOPERATIVES OF SOUTH CAROLINA EACH MONTH THAT INCLUDES SEVERAL PAGES OF INFORMATION ABOUT LYNCHES RIVER ELECTRIC COOPERATIVE, ITS PROGRAMS AND OTHER ITEMS OF INTEREST?

South Carolina Living

7. IN WHAT TOWN IS THE LYNCHES RIVER ELECTRIC COOPERATIVE OFFICE LOCATED?

Pageland