ADAMS OUTLET

ADAMS ELECTRICAL CO-OPERATIVE
CAMP POINT, ILL.

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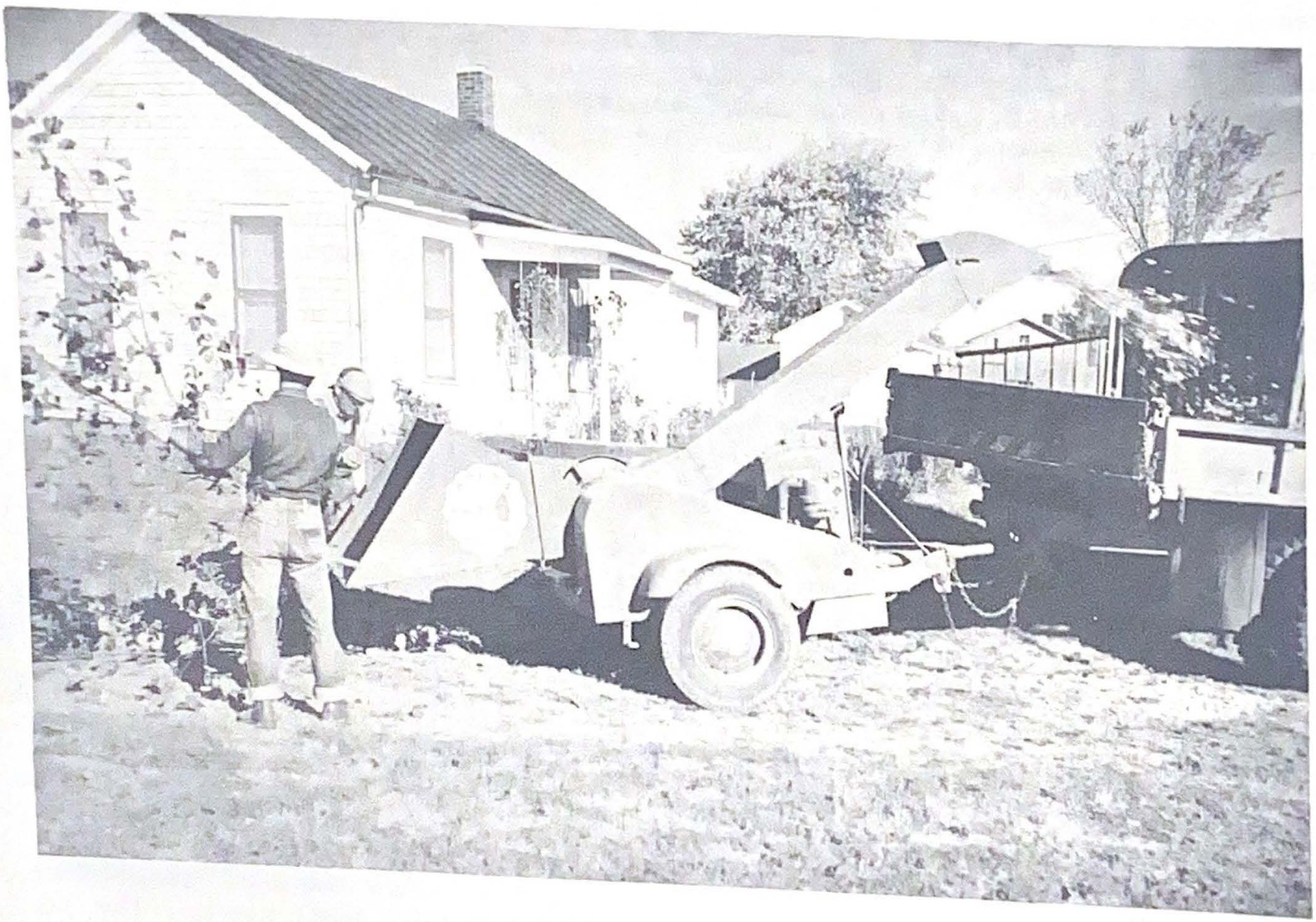


STORY ON PAGE 6

LET'S CONSIDER ALL THE FACTS!

A FRANK DISCUSSION OF THE RECENT CONTROVERSIAL RESOLUTION PRESENTED, OR TO BE PRESENTED, TO FARM BUREAU MEMBERS AT TOWNSHIP AND COUNTY MEETINGS REGARDING THE ATTITUDE OF THE AMERICAN FARM BUREAU FEDERATION TOWARD THE RURAL ELECTRIFICATION ADMINISTRATION AND ELECTRIC CO-OPERATIVES.

10-42-92-2

BY DEAN SEARLS, MANAGER

Since the beginning of the rural electrification program, a very cooperative attitude has existed between most county farm bureau groups and the electric cooperatives. It is only proper that this attitude should exist since both organizations are working for and representing for the most part, the same people. The rural electric cooperatives should also not lose sight of the fact that most of them came into being through the efforts of county farm bureaus or at least leaders of the farm bureau organization. We believe that the policy meetings that are sponsored by the farm bureau groups wherein people can sit down together and discuss and analyze farm problems are a very worthwhile activity. The "worthwhileness" of these meetings is in question however when only one side of the issue is presented and folks are asked to make decisions on this basis.

All of us have heard that a little learning is a dangerous thing and perhaps this is the best way to describe the information which was given to the grass-roots policy makers concerning rural electrification. Only one side of the facts were presented to these policy groups and it seems unfair to ask people to make judgements and decisions when only one side of the case has been heard. We would like to call your attention to several very important parts we think farm people should consider before being asked to answer trick questions presented at the close of the article. We think you should consider the following points:

1. You are given a comparison of the cost of wholesale power between that furnished by the Dairyland Power Cooperative, an REA power-type borrower, of Wisconsin and that furnished by the private power companies to Illinois cooperatives. The cost of power purchased from the Dairyland Power Cooperative as quoted in the article is approximately 1.22¢ per KWH compared to .85¢ per KWH from the Illinois private power companies. The article fails to point out however, that Wisconsin is located in a relatively high fuel cost area whereas the generating plants of the private power companies in Illinois are located on top of the coal fields. The cost of fuel therefore which is purchased by Dairyland Power Cooperative in the coat fields of Illinois must be transported by rail or by barge several hundred miles to the point where it is converted to electric power. The cost of generation therefore is considerably higher because of the higher fuel cost. The power delivered by the Dairyland Power Cooperative includes the cost of the transmission lines, the substations, switching and protective equipment and other costly appurtenances required at substations. In Illinois the electric cooperatives must furnish their own substations and associated equipment and all transmission lines necessary to locate these stations at their load centers. It is therefore not proper to compare the cost of power in Wisconsin generated by an REA generating plant with that furnished by private power companies to Illinois cooperatives when the comparison is not put on the same basis. These facts are often times overlooked when one merely makes a casual comparison of the figures given in the REA Annual Statistical Report.

2. The wholesale power contracts under which most of the Illinois cooperatives are currently operating were negotiated in 1949 to take effect January 1, 1950 for a ten year period. We note that you are lead to believe that the I.A.A. was instrumental in negotiating the power contract between cooperatives and private power companies. The committee members who were the actual negotiators of this contract tell us that it was the influence of a pending application to construct a generation and transmission system in Illinois that was responsible in securing a satisfactory wholesale power agreement. But for some reason the policy information article fails to mention the part which the pending application played in the wholesale power negotiations ten years ago. Electric cooperative leaders and the REA Administrator, are not so foolish as to build generating plants just for the sake of getting in the generation business. The rural electrification administration uses a yardstick to measure loan requests of this type which has been followed since the rural electrification program started. Before loans are made to generation and transmission systems they must first prove adequate power is not available from other sources in the area. Second they must be able to furnish power at a figure below that which can be obtained from other sources. We believe these are good guides to follow and should be followed when any cooperative is organized.

11-38-87-7

Ten years ago power negotiation efforts clearly demonstrated that REA cooperatives must always retain the right to generate power if they are to obtain a decent power rate from the private power companies. If this was true ten years ago it is equally true today and all this "salve" about protection of electric cooperatives interests by the Illinois Commerce Commission notwithstanding. Cooperative leaders do not feel that an REA generating plant can produce power any cheaper than can be done in a private power generating plant. In all fairness, the utility plant should have greater efficiency because of a larger and more diversified load. But the cost of generation by utility plant plus a fair return is sometimes a great variance from the price which is quoted to REA cooperatives. Many other factors enter into negotiations besides cost of power. Limitations as to kind and size of loads which power companies permit cooperatives to serve, are oftentimes more dangerous and damaging than the cost of power. These limitations imposed upon cooperatives in the current negotiation sessions for some reason are not mentioned in the policy material given to the farm bureau members.

3. What is actually behind the increase in interest rates which the present administration, Charles Shuman, President of AFBF and the I.A.A. are advocating? In 1944 when Congress passed the Pace Act allowing the electric cooperatives to borrow money at 2% interest, it also insisted that the cooperatives serve the rural areas on an area coverage basis. This is something that the power companies had always refused to do. The area coverage principal was mandatory on all cooperatives who borrowed money following the passage of the Pace Act. Congress demanded that electric service be made available to all of the people within the cooperative service area. All loan contracts signed by Adams Electrical Co-operative after the passage of the Pace Act contains the following provision:

> Article 4 - Section 6 - "The Borrower shall make diligent effort to extend electric service to all unserved persons who are located within the service area of the Borrower, as such area shall from time to time be determined by the Administrator."

It has been our observation that those rural families who are some distance back from the main traveled highways are just as appreciative of electric power as those who live along the main traveled highways and the more densely populated areas. The increase in interest rate is not justified for three very good reasons:

Continued on Page 4.

Let's Consider All The Facts -- Continued.

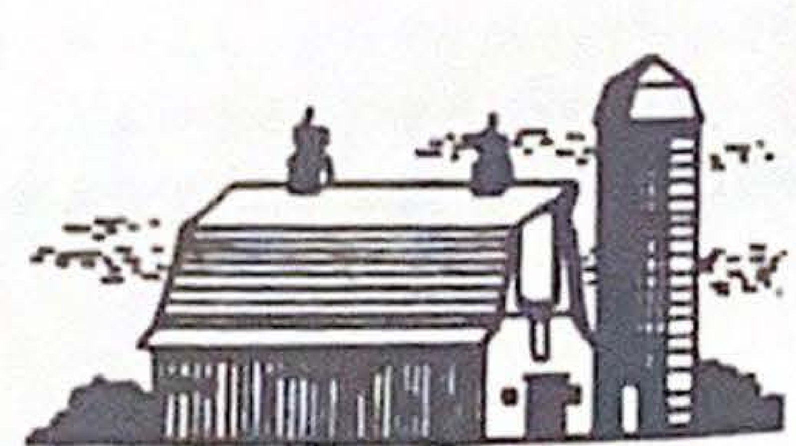
First - The cooperatives operate in the most marginal part of the electric power industry market.
Second- Cooperatives are required to pay off their indebtedness which private power companies never do.
Third - Cooperatives provide area coverage thus providing a better standard of living to all rural people.

If we are to argue against area coverage we might as well argue that few if any rural mail deliveries are justified. Most government financing is short term at very low interest rates - most of the time near or below 1%. It could all be short term. Unless interest rates are kept artificially high by the government, the average cost to the government of borrowed money will doubtless fall again on the average to what we are now paying to REA. Some people charge that our loans come out of tax funds. If that be true then the money costs the government nothing in interest. Money which is loaned to cooperatives is set up in the federal budget. In those years when the federal budget is balanced, the cost of money to the government is zero.

4. The Administrator of REA is appointed by the President for a ten year term and this appointment is subject to confirmation by Congress. In 1953 under a new organization plan, the Secretary of Agriculture established a Director of Agriculture Credit Services to supervise the REA. This stripped our Administrator of much of his authority and prestige since all loans to new cooperatives and loans in excess of $500,000 must have the okay of Ken Scott, Director of Agriculture Credit Services. It seems unfortunate that the man who has been appointed to administer the affairs of the REA program full time would have his hands tied by a political appointee. The action taken by the present administration and supported by the power companies to throttle the administrator in the performance of his duties has nothing but a deteriorating effect upon the rural electric program. It is now an established fact that the President of AFBF, Charles Shuman, is dealing with the Secretary of Agriculture, the administration and private profit power companies on plans to get legislation introduced in the next session of Congress to increase interest rates and to curtail the further development of rural electric systems. It seems difficult for us to understand how the national leader of our farm organization could be working in the best interests of farmers when advocating these program restrictions.

We are firmly convinced that the information which was passed out to our grass-root farmers as factual, originated at the top level and was spoon-fed to an innocent farmer audience. We don't believe this is the right kind of a way to go about developing a strong county, state and national organization which agriculture so sorely needs in these trying times.

11-38-41-2



FREE OFFER:

*To Electric Co-op Members**

Your choice of either one, or three of these seven, wonderful name-brand appliances.

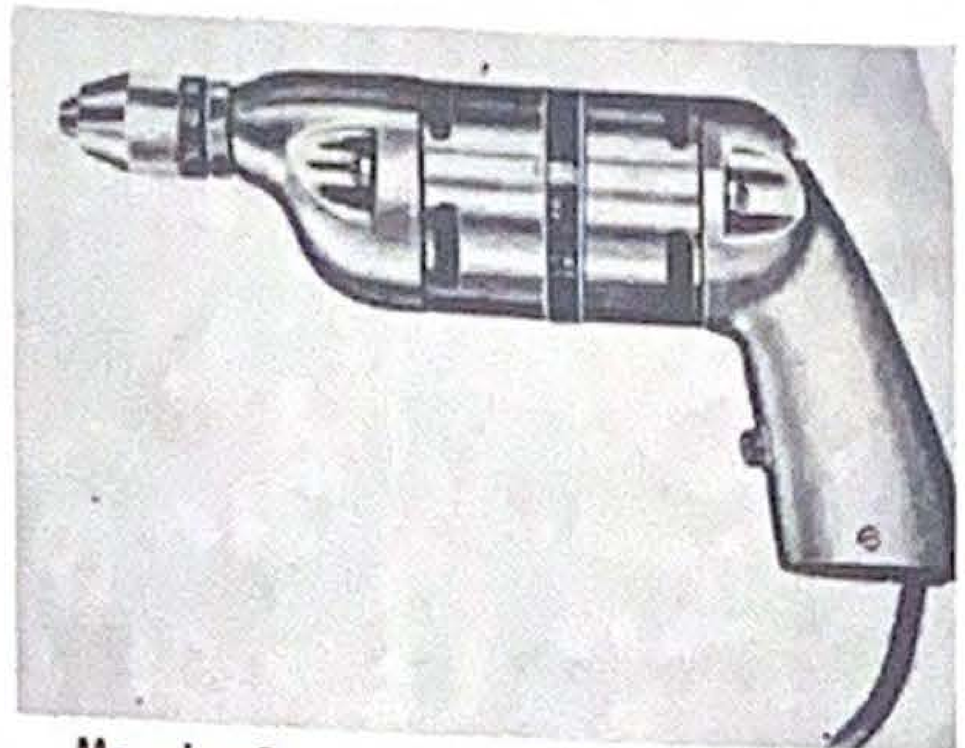
It's a value worth from $15 to $60.

● Here's all you have to do to receive these gifts: Purchase either an automatic electric washer or dryer, or both, and follow these simple rules:

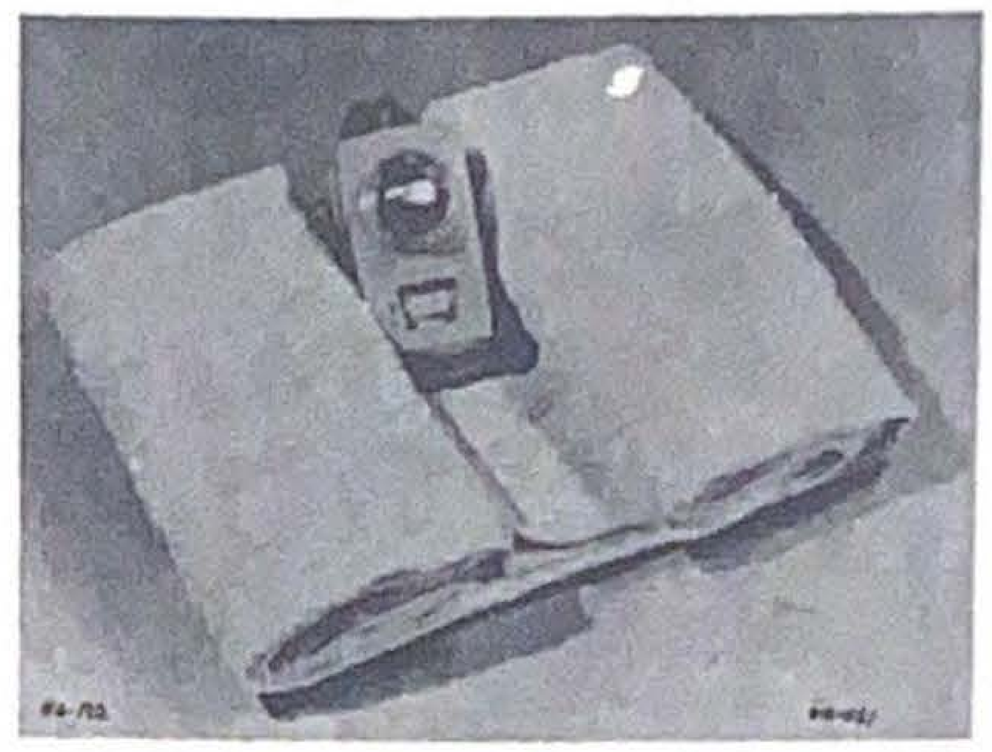
1. Purchase either dryer, or an automatic washer or combination from your favorite dealer. One appliance entitles you to one gift; two appliances to three gifts; and a combination washer-dryer to three gifts.
2. You must be a new user of an electric dryer and/or an automatic washer.
3. Have dealer fill in blanks on coupon. Also have co-op representative inspect installation and sign coupon.
4. Check gift on coupon. Sign and mail to address shown. The free gifts will be sent by mail.

THIS OFFER GOOD ONLY FROM OCT. 27 THRU DEC. 31.

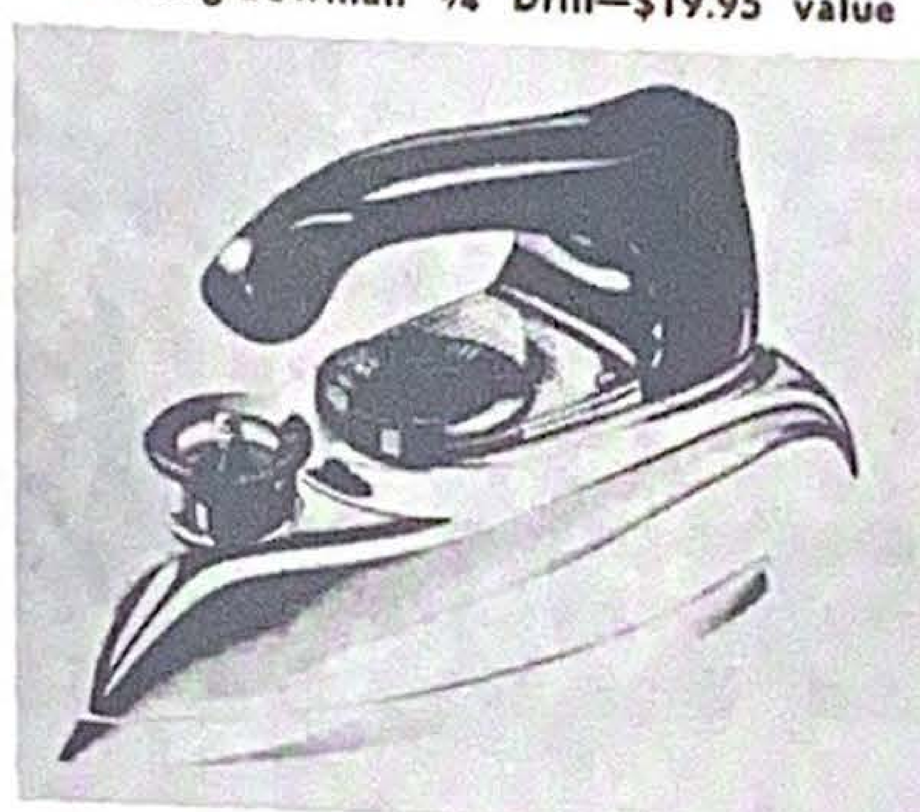
West Bend Saucepan—$18.95 value (includes control)



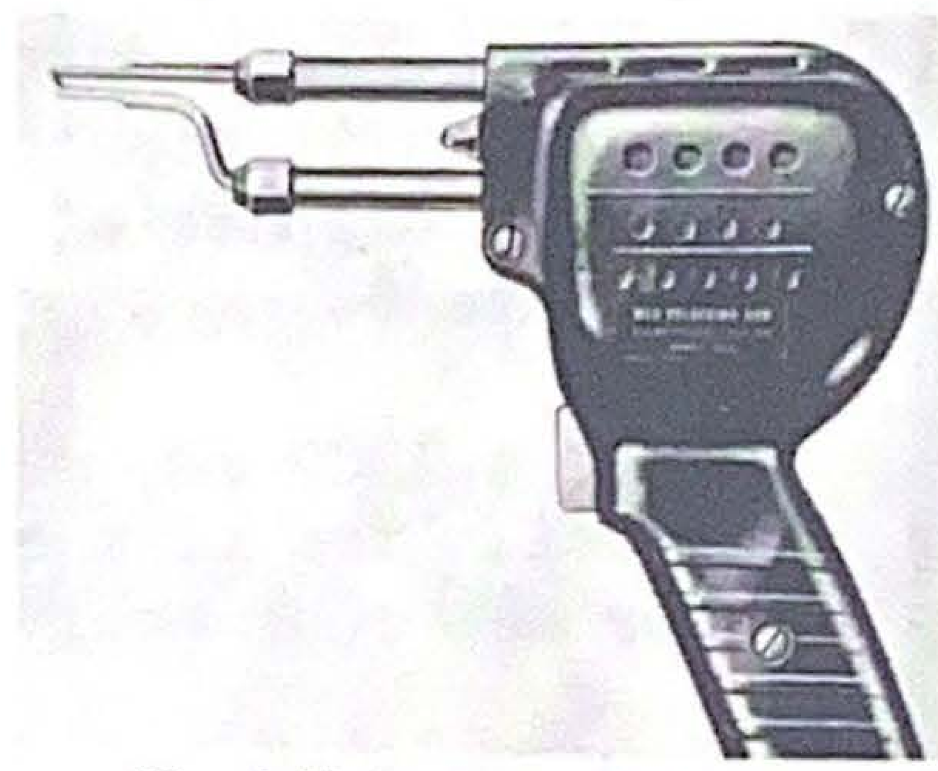
Manning-Bowman ¼ Drill—$19.95 value



Westinghouse Electric Sheet—$19.95 value



Westinghouse Steam Iron—$17.95 value



Wen Soldering Gun—$14.95 value

Mirro-Matic Fry Pan—$19.95 value (includes control)

Hamilton Beach Food Mixer—$19.95 value

In Addition ...

YOUR CO-OPERATIVE WILL CONTINUE TO PROVIDE FREE ELECTRICAL INSTALLATION TO NEW USERS OF ELECTRIC

CLOTHES DRYERS

WATER HEATERS

RANGES.

MAIL TO:
Free Gifts
416 So. 7th St.
Springfield, Ill.

Check Gift(s) you want

☐ DRILL ☐ STEAM IRON
☐ SOLDER GUN ☐ FRY PAN
☐ SAUCEPAN ☐ SHEET
☐ MIXER

I, ...,
(member's name and address)

certify that I am a member of ....
(Co-op name)

Electric Cooperative and have purchased an ☐ electric dryer (not exceeding 6000 watts), or an ☐ automatic electric washer or ☐ a combination unit, from the undersigned dealer: (check appliances)

....
(dealer's signature and address)

I, also certify that my electric cooperative was notified and the installation has been inspected and I am entitled to the gift(s) checked.

....
(Co-op representative's signature)

Date..

**Washer must be connected to an electric water heater to qualify for gift.

OUR COVER --

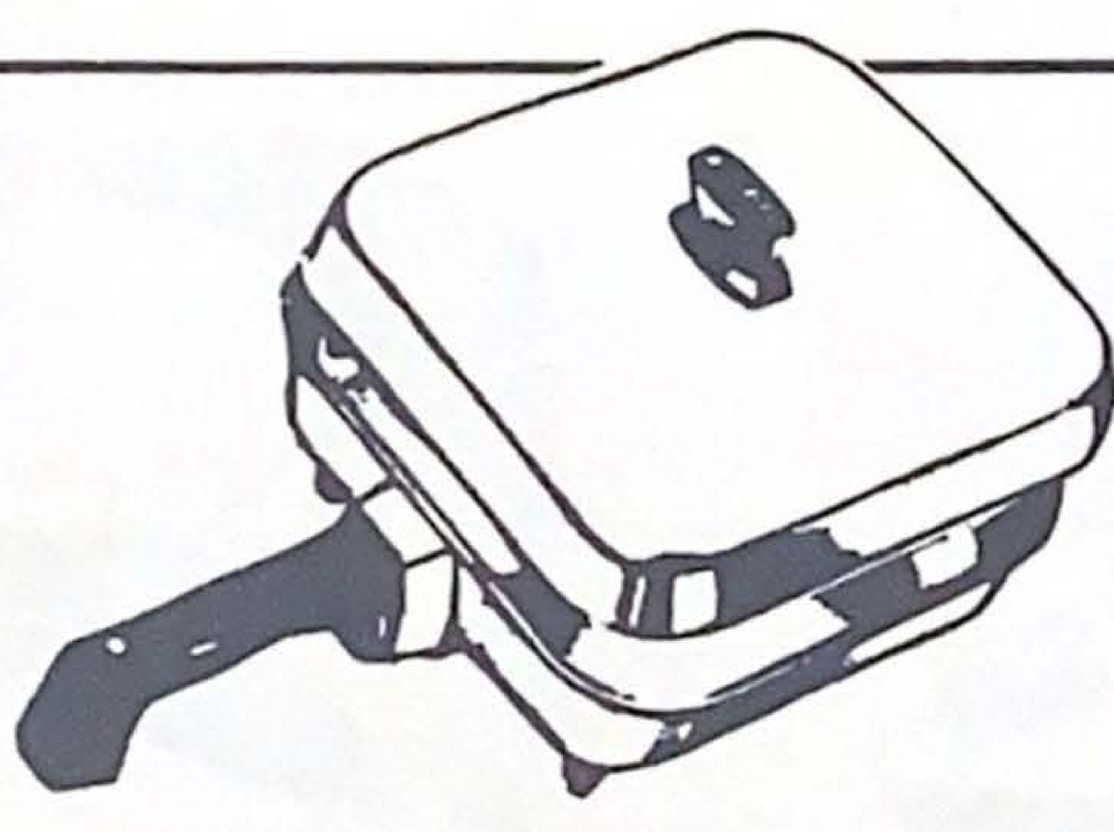
New Wood Chipper Cuts Costs As Well As Brush

Wherever it goes our new wood chipper attracts a lot of attention. The average person, watching the chipper for the first time, is amazed with the speed and efficiency with which it chews up and spits out brush.

Tree and brush control is a costly part of our operation and the chipper will no doubt release manpower for other operations and cut down on time required to load, unload and dispose of brush. Chips take up a lot less space than brush and they leave no potential fire hazzard, or breeding ground for pesky rodents when they are dumped.

Our other modern equipment; such as the mobile aerial tower, chain saws, etc., makes it possible for one man to cut sufficient brush to require several men to dispose of it, and the chipper will eliminate this bottle-neck to a great extent.

This 1300 lb. machine is powered by a Ford motor which drives a 400 lb. flywheel. The flywheel takes the shock when the cutter bites into wood. The cutter has four twelve inch blades which will handle wood up to 8" in diameter.



We're still giving away Free Frypans to members who find their account number in the Adams Outlet. This excludes the printing of your account number which appears on the back page along with your name and address.

Five more numbers may be found in this issue if you look real sharp. Out of the first fifteen numbers printed in this paper, nine members have located their number and claimed their free frypan. If you locate your account number in this or succeeding issues call at the office and pick up your frypan.

Thanks!

We want to express our appreciation to L. W. Mamer and Mrs. Richard Wittler for promptly reporting lightning damage to our lines recently. The information they gave us when reporting the trouble enabled our line crews to drive directly to the source of trouble and repair it with a minimum of time and travel. Both of these members live in Adams County on Quincy rural routes.

10-47-49-7

SPECIAL OFFER LIMITED TIME ONLY

WHEN YOU BUY THE **Sunbeam**

CONTROLLED EVEN HEAT

7 IN 1 ALL-PURPOSE COOKER

FOR ONLY $29.95 (5 QT. SIZE)

YOU GET THE FRYBASKET

A $2.95 VALUE

AND **Sunbeam** MEDIUM

FRYPAN

A $19.95 VALUE

FOR ONLY $1.00

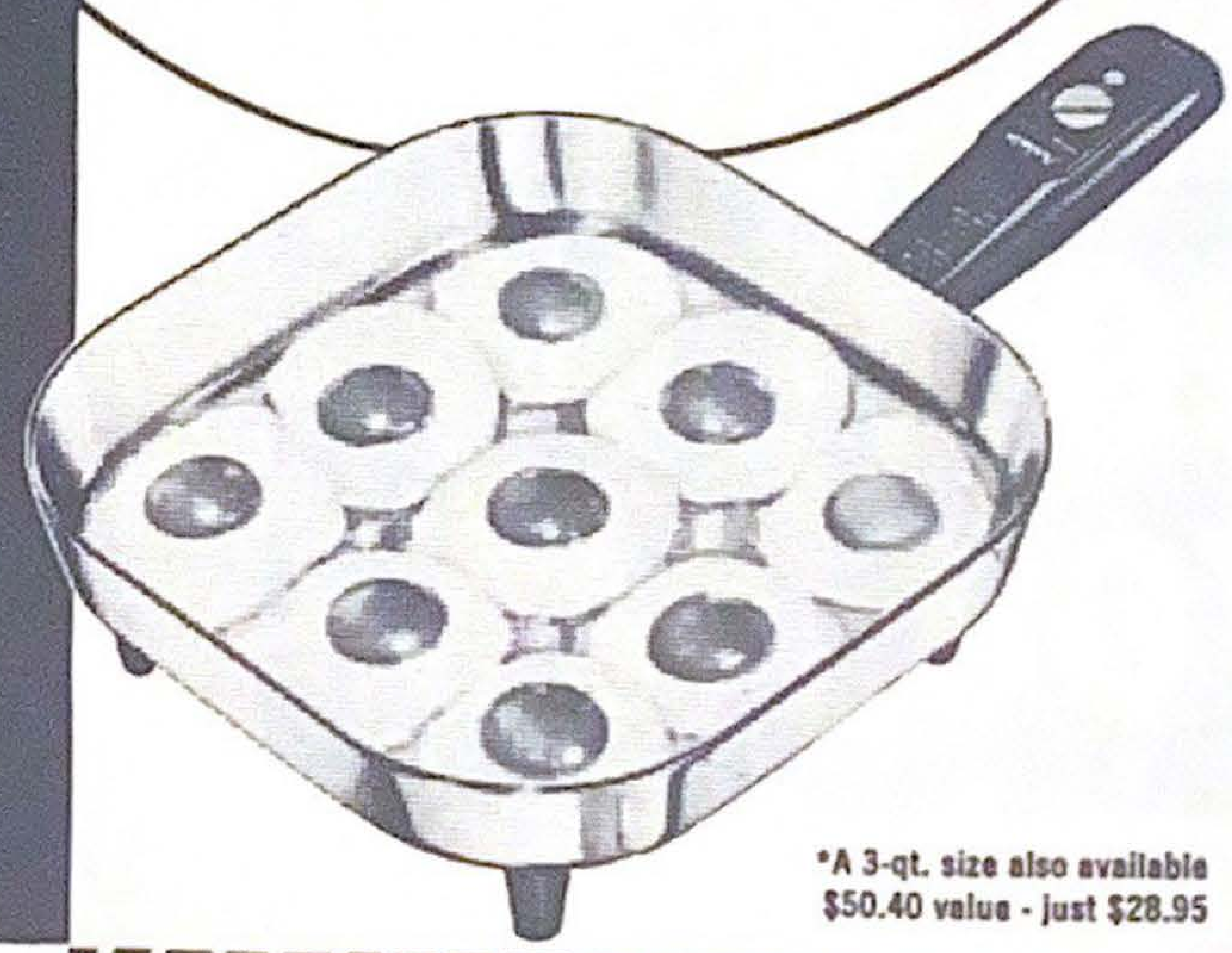
- Perfect controlled heat cooking companions
- Easy-to-see and set control dials, cook guides
- Easy-to-wash, immersible up to signal lights

ALL 3 FOR JUST $30.95

$52.85 VALUE

*5 QUART SIZE SAUCEPAN, FRYBASKET AND FRYPAN

YOU SAVE $21.90



*A 3-qt. size also available $50.40 value - just $28.95

TERMS OF OFFER

(Limited Time Only)

5 Quart Size—Save $21.90. For the price of a 5 quart Sunbeam all Purpose Cooker ($29.95) and one dollar we will send you the 5 quart Cooker, a Frybasket worth $2.95 and a Sunbeam Medium Size Frypan worth $19.95. For this $52.85 value just send us $30.95 Plus Sales Tax, if applicable, and we will mail merchandise to you.

3 Quart Size—Save $21.45. For the price of a 3 quart Sunbeam All Purpose Cooker ($27.95) and one dollar, we will send you the 3 qt. Cooker; a Frybasket worth $2.50 and a Sunbeam Medium Size Fry Pan worth $19.95. For this $50.40 value just send us $28.95 Plus Sales Tax, if applicable, and we will mail merchandise to you.

ORDER BLANK

Please send me ☐ 3 qt. size— $28.95 (plus sales tax if applicable)

☐ 5 qt. size— $30.95 (plus sales tax if applicable)

Name________________________

Address________________________

I belong to the________________Electric Cooperative

Make remittance out and mail order to

Sunbeam Corp., Box 1552

Springfield, Illinois

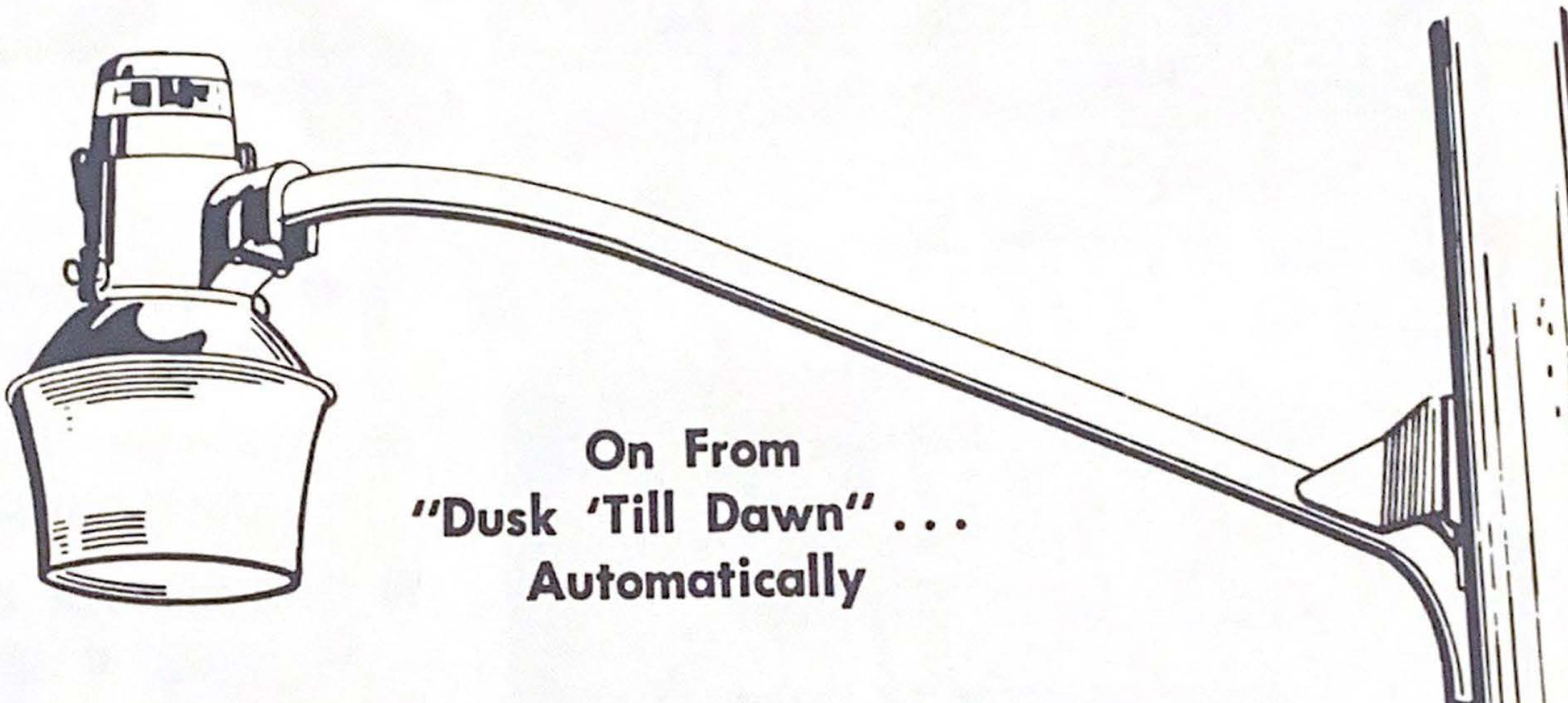
Sunbeam VALUE THRU QUALITY

BULK RATE
U.S. POSTAGE PAID
PERMIT NO. 3
CAMP POINT, ILL.

Working Hours

Effective October 27, 1958 the Co-operative's working hours Monday through Friday will be:

8:00 AM to 12:00 Noon
1:00 PM to 5:00 PM
Closed Saturday



15-12-2-4

On From "Dusk 'Till Dawn" . . . Automatically

NOW YOU CAN

HERE'S HOW . . .

CONTACT OUR OFFICE

LIGHTING EQUIPMENT

-- furnished by US
-- installed by US
-- maintained by US

ELECTRIC POWER FURNISHED BY US

ALL AT A *Low Monthly Charge*

For just a few cents a day

Ask us about our Security Lighting Plan