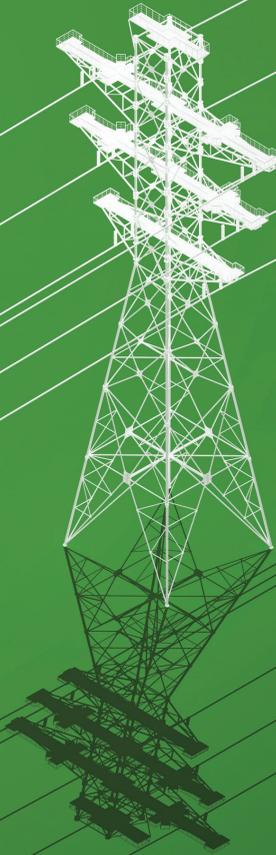




OKLAHOMA'S ELECTRIC
COOPERATIVES



CO-OP101

Powering the needs of new generations

WHAT IS A COOPERATIVE? | CO-OP 101

A **cooperative** is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

USER-OWNED

+

USER-CONTROLLED

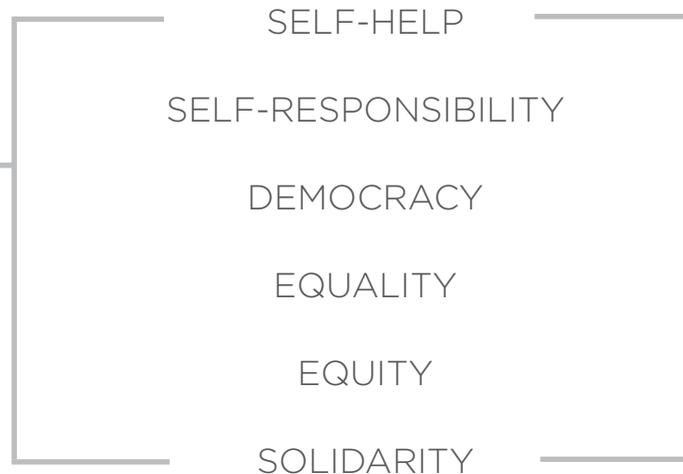
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USER-BENEFITING

All of these aspects combined make co-ops more responsive because members are the owners, and each co-op is accountable to their neighbors and community. While focusing on member needs, cooperatives work for the sustainable development of their communities through programs, services and policies developed by member-elected boards. Cooperatives are grounded on the premise of **neighbors helping neighbors**.



VALUES OF A COOPERATIVE



COOPERATIVE PRINCIPLES

In 1994, a set of cooperative principles were agreed upon by the International Cooperative Alliance (ICA) at a conference in Oslo, Norway. Since then, they have largely been regarded as the standards for cooperatives. **See next page for the seven principles and their descriptions.**



VOLUNTARY & OPEN MEMBERSHIP

Co-ops are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

DEMOCRATIC MEMBER CONTROL

Co-ops are democratic organizations controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights. One member, one vote.

MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to and democratically control the capital of their co-op. At least part of that capital is usually the common property of the co-op. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

AUTONOMY & INDEPENDENCE

Co-ops are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

EDUCATION, TRAINING & INFORMATION

Co-ops provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their co-ops. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

COOPERATION AMONG COOPERATIVES

Co-ops serve their members most effectively and strengthen the co-op movement by working together through local, regional, national and international structures.

CONCERN FOR COMMUNITY

Co-ops work for the sustainable development of their communities through policies approved by their members.

TYPES OF COOPERATIVES | CO-OP 101

WORKER COOPERATIVES



A worker cooperative is a cooperative that is owned and self-managed by its workers. This may mean workers making decisions in a democratic fashion or may refer to worker-owners electing management.

CONSUMER COOPERATIVES



Consumer cooperatives are owned and controlled by consumers. Co-ops have a strong focus on satisfying their members needs and provide a sale service focus on product quality and consumer protection. **(tip: electric cooperatives are consumer co-ops!)**

PRODUCER COOPERATIVES



Producer cooperatives are engaged in agriculture including farming, fishing and forestry. The co-op members may be farmers, landowners or fishing operations. There are different ways these groups cooperate.

CREDIT UNIONS



Credit unions are consumer-owned financial services cooperatives in which every depositor becomes a member owner.

RETAIL OR PURCHASING COOPERATIVES



This is a type of consumer cooperative. Many of these co-ops are owned and governed by independent business owners. These business owners partner together to form national and international co-ops to purchase goods and services at rates that will keep costs low.

HOUSING COOPERATIVES

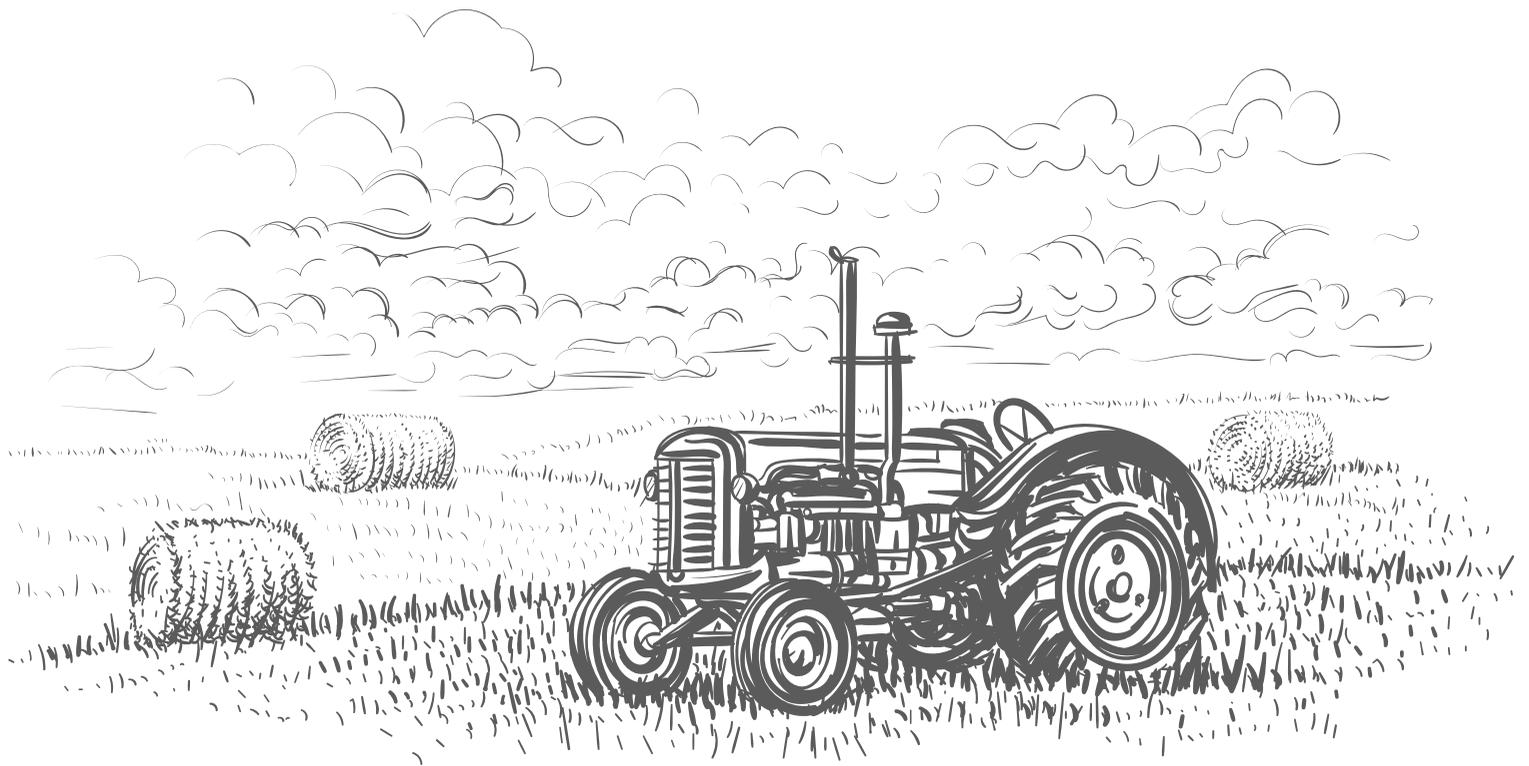


Housing cooperatives are owned by the residents. These can range from single house to apartment complexes.

MULTI-STAKEHOLDER COOPERATIVES



These cooperatives often create specific roles and rights for the various types of members. For example, this may take the form of a producer/consumer or consumer/worker hybrid co-op. In these cases, the membership fees may vary for the two groups.



9 of 10 rural homes had no electric service.

Wood stoves and washboards were used for cooking and cleaning.

Rural areas could only depend on agriculture for employment, food, etc.

Farmers hand-milked cows by light of kerosene lanterns.

Farmers and ranchers could only work from sunup to sundown.

Factories & businesses only located in cities, where electric power was available.

1930s

THE FORMATION AND GROWTH OF ELECTRIC COOPERATIVES



THE REA

The idea of providing federal assistance to accomplish rural electrification gained ground rapidly when President Roosevelt took office in 1933. He signed Executive Order No. 7037, establishing the **Rural Electrification Administration**. It wasn't until a year later that the Rural Electrification Act was passed and the lending program that became the REA got underway. Within months, it became evident to REA officials that established investor-owned utilities were not interested in using federal loan funds to serve sparsely-populated rural areas. But load applications from farmer-based cooperatives poured in and REA soon realized electric cooperatives would be the entities to make rural electrification a reality for rural citizens.



TVA ACT

The Tennessee Valley Authority Act authorized the TVA Board to construct transmission lines to serve “farms and small villages that are not otherwise supplied with electricity at reasonable rates.”

1933

1935

TODAY



More than 99 percent of U.S. farms have electricity. The Rural Utilities Service (RUS), located



ECC ACT

The Electric Cooperative Corporation Act model law that states could adopt to enable the formation and operation of not-for-profit, consumer-owned electric cooperatives.

1937



POWERED

BY 1953 more than 90 percent of U.S. farms had electricity.

- Rural electric systems in operation doubled
- Consumers being connected tripled
- Miles of energized line grew more than five-fold

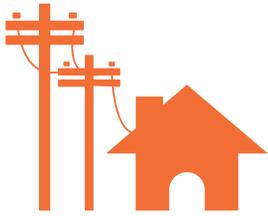
1953

have electricity and REA is now known as the
ed within the U.S. Department of Agriculture.

ELECTRIC COOPERATIVE STRUCTURE | CO-OP 101

ELECTRIC CO-OP MEMBERS

Each consumer of an electric cooperative is a member-owner and has the right to have a vote in the affairs of the co-op, elect directors to serve on a board of trustees and receive an allocated “margin” in the form of capital credits when economically feasible.



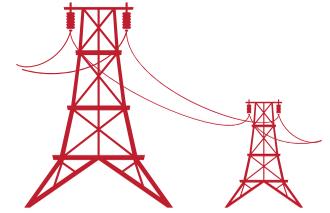
DISTRIBUTION COOPERATIVES

Distribution cooperatives provide electric service to member-owners. These cooperatives distribute energy to homes and businesses in rural areas. Distribution cooperatives receive energy from generation and transmission cooperatives.



GENERATION & TRANSMISSION COOPERATIVES

These cooperatives provide wholesale power to distribution cooperatives. The types of fuel sources vary from fossil fuels and renewables.



**OKLAHOMA
ASSOCIATION OF
ELECTRIC CO-OPS**

**NATIONAL RURAL
ELECTRIC CO-OP
ASSOCIATION**

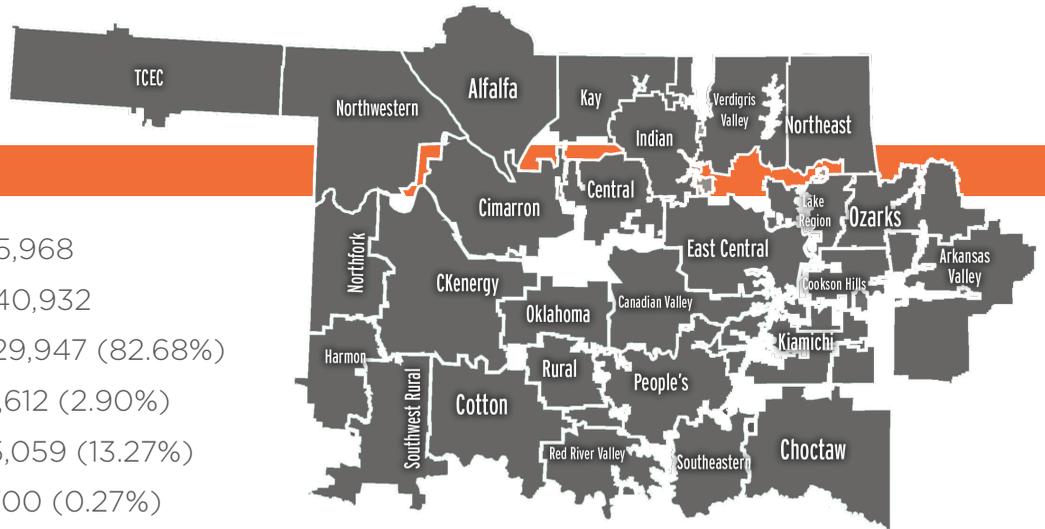
LENDING BODIES
(COBANK, RUS & CFC)

The **statewide and national associations** provide training and education to employees and board members. Both associations believe in keeping strong connections with the state and the nation’s capitals.

The **lending bodies** such as, Rural Utility Service (RUS) and National Rural Utilities Cooperative finance Corporation (CFC) and CoBank provide funding for distribution and G&Ts cooperatives.

OPERATING STATISTICS

Total Miles of Distribution Line	115,968
Total Number of Active Meters	640,932
Residential	529,947 (82.68%)
Seasonal Residential	18,612 (2.90%)
Commercial	85,059 (13.27%)
Industrial	1,700 (0.27%)
Irrigation	2,910 (0.45%)



OKLAHOMA DISTRIBUTION COOPERATIVES FAST FACTS

ALFALFA

3,310 miles of line
8,662 active meters
50 full-time employees

ARKANSAS VALLEY

6,502 miles of line
59,275 active meters
152 full-time employees

CANADIAN VALLEY

5,259 miles of line
24,554 active meters
65 full-time employees

CENTRAL

4,333 miles of line
25,136 active meters
87 full-time employees

CHOCTAW

3,600 miles of line
18,950 active meters
67 full-time employees

CIMARRON

4,690 miles of line
16,811 active meters
51 full-time employees

CKENERGY

7,735 miles of line
25,314 active meters
95 full-time employees

COOKSON HILLS

2,938 miles of line
17,822 active meters
53 full-time employees

COTTON

5,168 miles of line
22,124 active meters
90 full-time employees

EAST CENTRAL

6,273 miles of line
33,801 active meters
75 full-time employees

HARMON

1,939 miles of line
3,572 active meters
18 full-time employees

INDIAN

3,498 miles of line
19,343 active meters
85 full-time employees

KAY

2,262 miles of line
5,876 active meters
50 full-time employees

KIAMICHI

4,149 miles of line
21,824 active meters
47 full-time employees

LAKE REGION

3,088 miles of line
24,708 active meters
86 full-time employees

NORTHEAST OK

5,213 miles of line
39,164 active meters
203 full-time employees

NORTHFORK

2,582 miles of line
6,605 active meters
37 full-time employees

NORTHWESTERN

5,000 miles of line
11,860 active meters
56 full-time employees

OKLAHOMA

5,527 miles of line
55,511 active meters
137 full-time employees

OZARKS

1,727 miles of line
74,103 active meters
215 full-time employees

PEOPLE'S

4,704 miles of line
22,309 active meters
71 full-time employees

RED RIVER VALLEY

2,706 miles of line
15,860 active meters
41 full-time employees

RURAL

2,970 miles of line
11,554 active meters
54 full-time employees

SOUTHEASTERN

2,727 miles of line
14,673 active meters
30 full-time employees

SOUTHWEST RURAL

3,080 miles of line
7,673 active meters
32 full-time employees

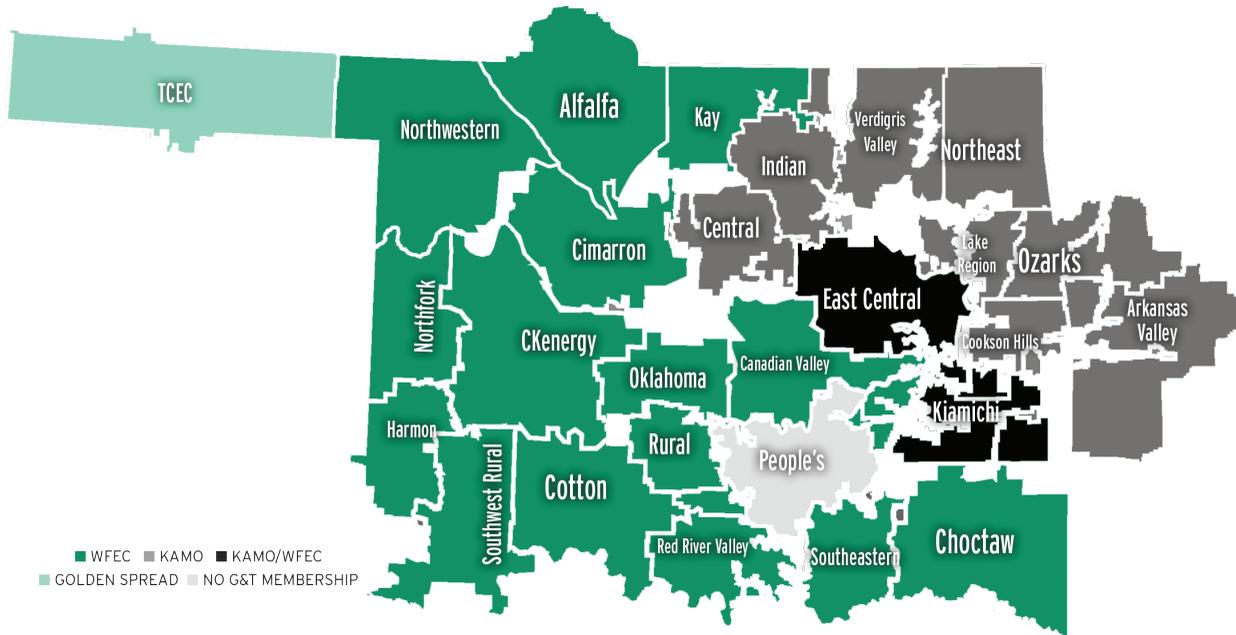
TRI-COUNTY (TCEC)

5,022 miles of line
22,696 active meters
107 full-time employees

VERDIGRIS VALLEY

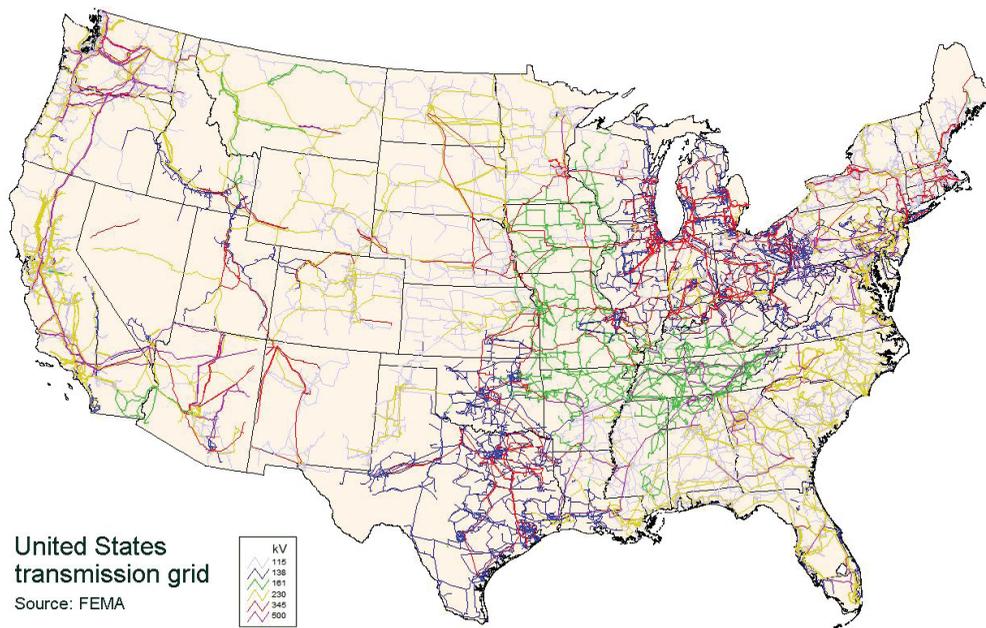
4,794 miles of line
36,575 active meters
95 full-time employees

OKLAHOMA G&T TERRITORIES



TYPES OF FUEL SOURCES

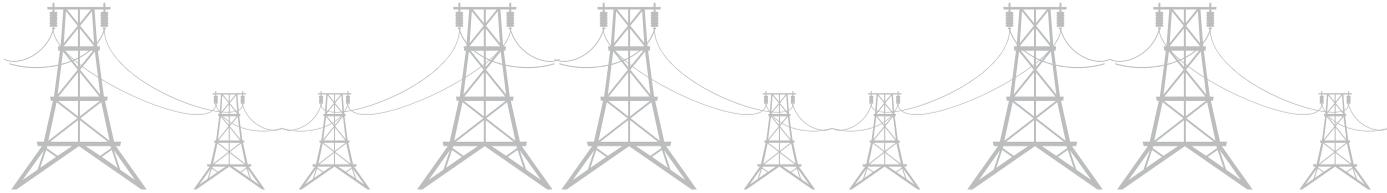
- Natural Gas
- Coal
- Petroleum
- Nuclear
- Hydropower
- Wind
- Biomass
- Solar
- Geothermal



TRANSMISSION (THE "GRID")

United States transmission grid
Source: FEMA

Oklahoma currently has three Generation and Transmission cooperatives: Golden Spread, KAMO Power and Western Farmers.



GOLDEN SPREAD (16 MEMBER SYSTEMS)

- Headquartered in Amarillo, Texas
- Provides energy to one Oklahoma cooperative (TCEC)
- 15 additional member systems in Texas
- 6 natural gas fired generating units near Denver City, TX
- 18 quick start natural gas engines & 3 quick start natural gas fired combustion turbines.

KAMO POWER (17 MEMBER SYSTEMS)

- Headquartered in Vinita, OK
- One of the first regional G&T electric cooperatives formed under the REA in 1936
- Named after four states where it was established to operate
- Provides energy to 8 Oklahoma co-ops
- Other member systems in Arkansas, Kansas and Missouri
- 2,700 miles of high-voltage transmission system and over 275 substations

WESTERN FARMERS (21 MEMBER SYSTEMS)

- Headquartered in Anadarko, OK
- Provides energy to 17 Oklahoma co-ops
- Grown into Oklahoma's largest locally owned power supply system.
- Six generating facilities
- 3,700 miles of transmission line and over 330 sub and switch stations
- Developed several wind farms and solar gardens in Oklahoma and New Mexico

Oklahoma Association of Electric Cooperatives is a nonprofit, statewide service association created and voluntarily supported by local electric distribution and G&T cooperatives. **OAEC is comprised of 30 member systems**, 27 in Oklahoma, two Arkansas systems and one Texas system which have a portions of their membership residing in Oklahoma.



LEGISLATIVE CONNECTIONS

OAEC believes in keeping a strong connection at the Oklahoma State Capitol. The association serves as a liaison with state and national legislative and executive branches of government.

SAFETY TRAINING

OAEC's Safety and Loss Control department provides training that emphasizes safe working practices for the well being of rural electric cooperative employees, the membership and the public.

CONCERN FOR COMMUNITY

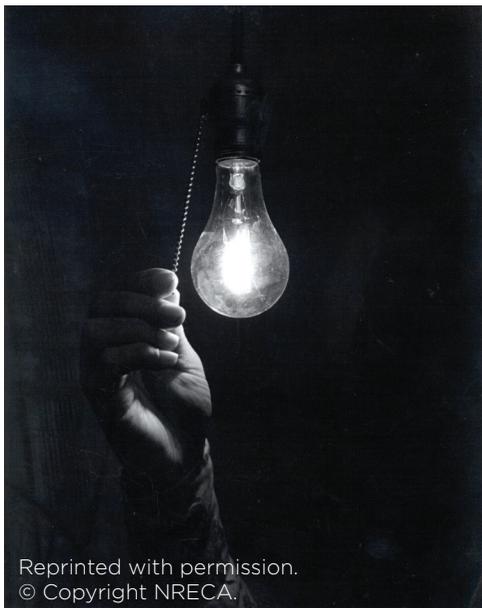
Each year, Oklahoma's Electric Cooperatives and employees organize, sponsor and volunteer in various community outreach programs, such as Special Olympics, Youth Tour and Energy Camp. This involvement is part of what makes electric cooperatives valuable in communities around Oklahoma.

OKLAHOMA LIVING MAGAZINE

For nearly 70 years, *Oklahoma Living* has served Oklahoma's rural electric cooperative members by providing information about their local electric co-ops, affordable electricity and Oklahoma's rural lifestyle. Readership has grown to more than 650,000, making the magazine the largest subscription-based monthly publication in Oklahoma.



OKLAHOMA'S ELECTRIC
COOPERATIVES



The National Rural Electric Cooperative Association was founded on March 19, 1942 by 10 men concerned with the problems confronting rural electric cooperatives. They envisioned NRECA would unite rural electric systems under one banner to protect their interests and provide support to help them serve rural America. NRECA is one of the largest rural-oriented cooperative organizations in the United States. **It is the national service organization for more than 900 rural electric systems**, which provide power to more than 42 million people in 47 states.

NRECA PROGRAMS AND SERVICES

The association provides many programs, services and trainings for electric cooperatives and its employees.

- Business & Technology Strategies
- Communications
- Employee Benefits
- Government Relations
- Market Research
- National Consulting Group
- Safety
- Workforce Management
- Conferences & Education
- Legal and Financial Resources

TOUCHSTONE ENERGY®

Touchstone Energy® is a nationwide alliance of locally owned and operated electric cooperatives, which collectively provide enhanced services and resources to their residential and business customers.



COOPERATIVE FUNDING AGENCIES | CO-OP 101

Electric cooperatives are funded by lending bodies, such as the Rural Utility Service (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC).

COBANK



CoBank is a national cooperative bank serving industries across rural America. It provides loans, leases, export financing and other financial services to cooperatives, agribusinesses, rural water and communications providers in all 50 states. The bank is headquartered in Denver, Colorado. **Cobank is a part of the Farm Credit System, which Congress formed in 1916.** The Bank was formed in 1989 through a merger of 11 Banks of Cooperatives.

COOPERATIVE FINANCE CORPORATION



The National Rural Utilities Cooperative Finance Corporation is a non-profit, co-op financing institution that provides its member-systems with an independent source of loan funds as a supplement to loans made by RUS. Incorporated in 1969, CFC is **owned by its 1,054 member rural electric systems**, 902 of which are distribution systems. CFC has a 23 member board of directors representing 11 districts from across the country.

RURAL UTILITY SERVICE



RUS is an agency in the U.S. Department of Agriculture (USDA) that makes loans to finance electric and telephone facilities in rural areas. RUS offers several types of financing for electric cooperatives: **Municipal Rate Loan, Hardship Loan and Treasury Rate Loan.** RUS is headed by an Administrator and assigned responsibility for electric and telephone loan programs formerly performed by the Rural Electrification Administration. No federal tax money is involved in RUS loans.





Provided by



OKLAHOMA'S ELECTRIC
COOPERATIVES