

The 1990s--Changing Times

Fifty years ago when FEM Electric was first beginning, there were approximately 2,000 rural farm families in Faulk, Edmunds, and McPherson Counties. Today's estimates indicate that there are approximately 1,150 farm families in our service territory. To halt the migration out of rural America, we needed to provide jobs and some of the modern conveniences available to urban America. We are very fortunate in that many of our consumers have access to rural water through WEB Water. NRCTV and the new DBS system provide rural consumers a wide variety of television channels. Computer technology is now commonplace in rural America. Farm homes now have computers for bookkeeping, field and livestock records; and when hooked up to the "Internet", one can get current weather reports, grain and livestock prices, or almost any information imaginable.

In August of 1993, FEM Electric submitted to REA a zero interest rural development loan application in the amount of \$400,000 for the proposed Bowdle healthcare facility. Funds were scarce and competition was strong for these funds, but in April of 1995 the application was approved. As this zero-interest loan is repaid, the funds will be returned to a revolving fund administered by East River and will be re-loaned to other economic development projects within the East River service territory at a low interest rate which covers the cost of administering the fund.

By 1990, REA would only loan funds to cover 90% of our work plan, and at a 5% interest rate. The remaining 10% of our work plan would need to come from another lending agency at an even higher interest rate. Beginning in 1994, REA loaned funds at the current "municipal rate" with a 7% cap. The monthly interest expense on our last two work plan loans is greater than that of all our previous loans put together.

We did, however, get some good news from these changes. The 1990s brought a period of very low interest rates on the open market; and REA allowed Basin and East River to pay off some higher interest money they had borrowed during the 1970s and 1980s and refinance it with lower interest money. With these interest savings, Basin and East River lowered their wholesale power rates in 1994. FEM's largest expense is wholesale power costs, and FEM was able to pass these savings to consumers. For the first time in 30 years, FEM Electric lowered its energy rates. Interest and power costs will continue to play a key role in the future rates offered to FEM members.

Load growth in the 1990s came mainly from commercial loads and crop drying services. Commercial accounts such as the North Central Farmers Elevator at Craven, the Northern Border Pipeline cooling station, and the Hutterite colonies saw rapid expansion in their electrical requirements. We also saw the addition of Grass Land Colony in 1990. Expanding loads brought a need for the Wetonka Substation which was energized June 30, 1992. East River also offered an incentive program for the installation of crop drying equipment, and we received a boost in sales from these installations during the very wet years of the early 1990s. Load control practically eliminated peak demand charges for several large commercial accounts allowing them to expand even further. Sales continued to increase and in 1993 FEM set a new milestone by selling over 40,000,000 KWH to members.

In September of 1992, FEM again upgraded its computer system, and by January of 1993, all records were converted to the new computer. The new computer gave FEM employees the opportunity to assemble a large variety of information in less time than we ever could before. In mid-1994 an office employee resigned and the remaining office staff assumed those duties. This eliminated one more position and further streamlined the organization. In 1994 FEM purchased a new personal computer and a program that allowed the FEM newsletter to be done in-house, reducing publication costs.

Attacks on the REA program continued; and in 1994, under the Clinton Administration, the U.S. Department of Agriculture underwent a major reorganization effort to streamline their operations. On December 1, 1994, REA became the Rural Utilities Service (RUS) with a wider range of operations.

In 1995, FEM celebrated its 50th anniversary as a business entity; it faced some of the toughest challenges ever. During 1995 federal budget hearings, Congress looked at selling the Power Marketing Administration (PMA) dams. Without this low-cost hydro-power, rates were expected to increase dramatically for rural electric cooperatives like FEM Electric. Information packets containing four post cards opposing the sale of the PMAs which were addressed to Senators Larry Pressler and Tom Daschle, Representative Tim Johnson, and President Bill Clinton were sent to members of rural electric cooperatives across the nation including every FEM member. The response was tremendous as Congress was inundated with mail on the issue. Some Congressmen were quoted as saying that it was the largest volume of mail they had ever received on any single issue. The fight was not over, but rural electric cooperatives and their member/consumers definitely made Congress take a closer look at the issue.

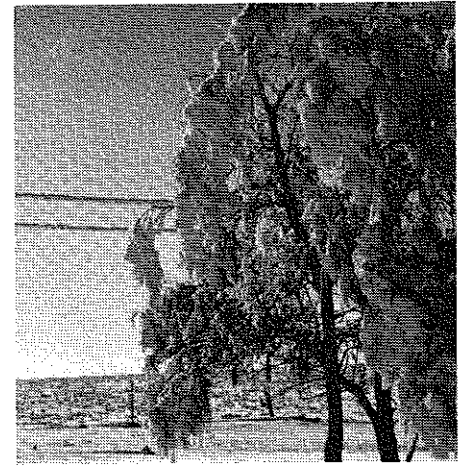
The year 1995 is remembered as the year of the damaging ice storms. In January the cooperative suffered a major storm along the entire western half of all three counties. The storm began with a dense winter fog that caused a frost buildup on our lines which was followed by a freezing rain that added an even heavier coat of ice buildup. When the winds picked up on January 15th and 16th, many of the heavily laden lines could no longer bear the weight that was upon them—105 poles toppled, 22 cross arms broke, 26 anchors were pulled out, line hardware broke, and there were approximately 425 wire breaks causing widespread outages over the western half of all three counties. Blizzard conditions on January 17th further impaired efforts to restore power to members. The linemen had to walk through knee-high snow, lifting the heavy lines to be repaired only to have the wires snap again a few spans away and they would have to start the repair process all over. FEM received the assistance of twelve linemen and six trucks from six South Dakota cooperatives to aid in the repair process. With all this assistance and working early in the morning until late at night, it still took an entire week before power was restored to all residential services.

In April 1995, a spring snow storm consisting of a heavy, wet snow hit Faulk and Edmunds Counties mainly affecting lines 10 miles on either side of Highway 45. Outage calls started at 4:30 a.m. the morning of April 18th and FEM linemen were dispatched to repair damages. The storm was short in duration, and on April 18th, the lines began to clear of ice, but the Burkmere, Cresbard, and Onaka Substations were without power. FEM enlisted help from three other cooperatives that furnished five trucks and nine additional linemen. Heavy moisture conditions made access to downed poles impossible with conventional equipment and consumers in the affected areas provided large 4-wheel drive tractors and 4-wheel ATVs to assist the workers. In some cases, three tractors were needed to pull one unit to the work area. Power was restored to the last active farm at 6:00 p.m. on April 22, 1995; however, many repairs remained incomplete. Damages included approximately 80 pole, 45 anchors, 70 crossarms, at least 250 wire breaks, plus other line hardware.

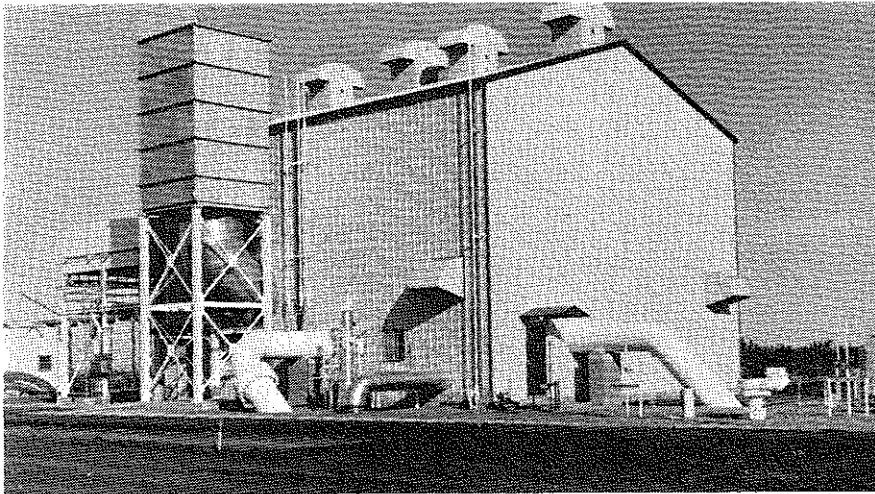




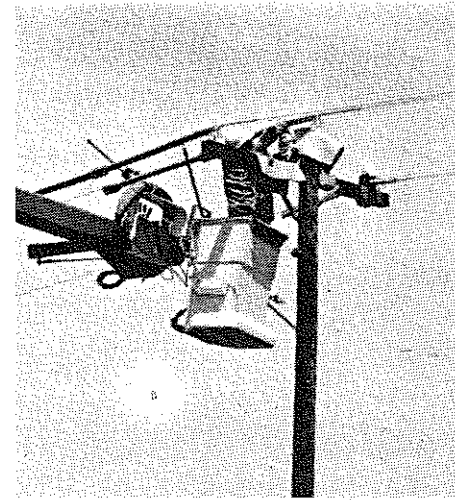
FEM Electric has sponsored a tour of Basin Electric for many years. The 1990 tour group poses in front of the dragline bucket in the open pit Freedom Coal Mine.



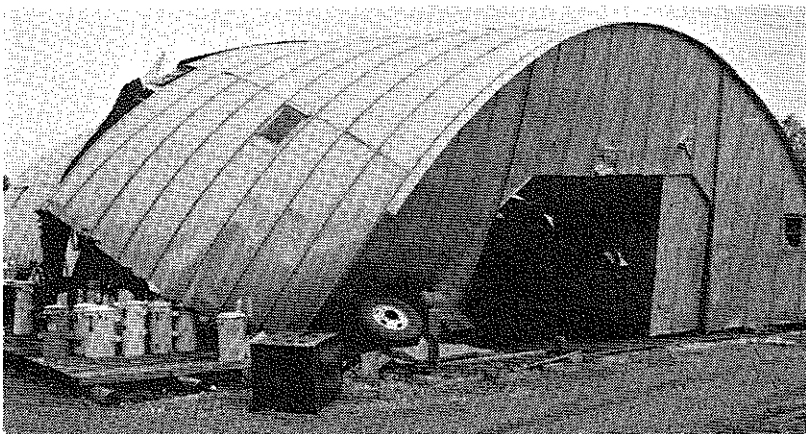
The January 1995 ice storm began with fog and freezing rain that created a heavy coat of frost and ice.



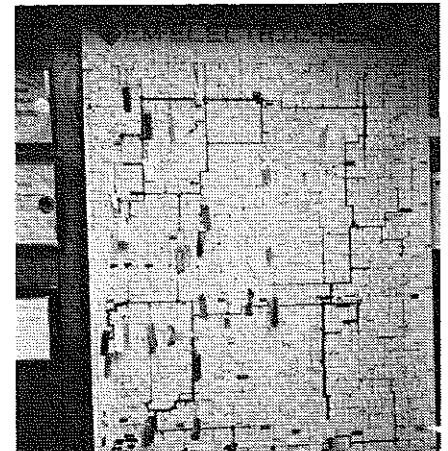
The Northern Border Pipeline cooling station went on line in 1992.



"Rubber gloving" allows the linemen to work on energized lines.



The aluminidome quonset, built in 1948, was destroyed by high winds on July 21, 1993. It has since been replaced with a cold storage warehouse.



The FEM system map indicates the extent of outages during the January 1995 ice storm. Each tag represents a breaker that is without power.