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The Cast of Characters

You've now seen them on the stage of Missouri rural electric history, but there's more to tell about the cast of characters in the drama called Associated Electric Cooperative Inc. Not necessarily in the order of their appearance, but alphabetically, with one exception, here are some insights and observations that don't fit easily in the chronology of AECI to this point.

The exception is for the trio of G&T managers – Mike Boudreaux, Truman Green and Fay Martz – who starred in a play within the play and therefore are treated as a group of one.

And, to start, how about a hand for the supporting cast!



Likening Truman Green, Mike Boudreaux and Fay Martz to Scottie dogs, Ralph Shaw, current manager of Northeast G&T, says: "They were opposite of each other in every way, yet attracted to one another. They got in some dandy arguments and fights, but maybe they were the right combination for Associated at the time" From left, back row, are board members Truman Green, Mike Boudreaux, E.A. Priggel, Luther Riddle and General Manager Neil Adams. In front, from left, R.D. Pennewell and President John Buck.

Board President O.B. Clark leads the applause:

"The thing that has made Associated and the cooperatives of this state so successful has been a lot of good people with rural backgrounds who either knew what it was like to live without electricity or had close family members who knew what it was like. So there was an attitude among these employees that amounted to a crusade: 'We're going to have electricity, and nobody is going to do it for us.' When you hired somebody you were not only getting their education and expertise, you were getting devotion that you don't get in the normal course of events. They just worked tirelessly to make it happen.

"A crusade. A crusade in Missouri and the other states for the cause of electricity in the countryside, because in the '30s hardly anybody had it, and in the '40s supplies weren't available because of the war. Then in the late '40s and '50s the rural electrification program really went into high gear, and with all that devotion – and we still have it today – you hired these guys for 40 hours a week and they probably spent 55 or 60 hours on the job. It was just build, build, build, work, work, work. That's why I don't think you can say too much about the dedication of the good people who either knew what it was personally, or had somebody in their family who knew what it was, to be without electricity. On top of that, they had to deal with all those negatives – 'You guys don't know how to do it, you can't do it.' So we were determined to show people that not only could we do it, but we're going to do it right."

Clark isn't the only one who feels that way. Central's Don Shaw says of his employees' rural roots: "The fact that they were born in an environment that demanded you do what you had to do to get the job done and provide for the needs of your family carried over into the co-op family. If it was necessary to do extra work or put in extra hours, that's what you did. We've got a lot of employees who feel that way and I think that is unique to the cooperative movement."



"The thing that has made Associated and the cooperatives of this state so successful has been a lot of good people with rural backgrounds who either knew what it was like to live without electricity or had close family members who knew what it was like."

O.B. Clark

How did Associated become as strong as it did? Jim McNabb answers his own rhetorical question: "Only one explanation. Neil Adams had the vision and the ability to put this together." How is this organization different from what it might have been had Neil stayed? McNabb again answers his own question: "I can't picture this organization going on in the direction Neil was pushing it – too far and too fast. That's really why he was asked to leave. What turned him on was creating this thing and developing it. I don't know that Neil would have been happy staying here and just managing it. But nobody could have started it without the kind of drive and vision he had."

Many others feel the same way, including private power's Art Doyle, who says: "Neil was a man of great imagination, a page out of Doug Wright's book in being able to conjure up grand ideas, and very effective in being able to implement them. He did an excellent job of nurturing Associated in its early days. The record speaks for itself."

While Adams thinks his differences with Boudreaux and Green, starting with the dispute over the location of Thomas Hill Unit 1, were primarily responsible for his eventual forced resignation, longtime board member Bob Stagner says there were a number of issues that caused the board to act. Adams' good friend, McNabb, thinks that Adams got too far out in front – "for example, by signing a letter of intent, never approved by the board and never exercised, to buy a couple of generating units to carry out his vision of a power plant in the northwest corner of the state." There also were concerns about cost overruns in the construction of New Madrid Unit 1.

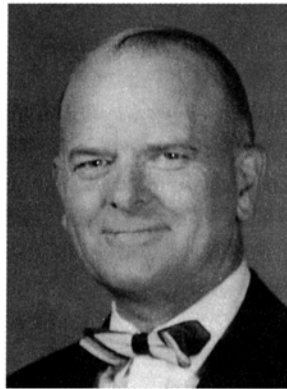
"I went to a board meeting one day in 1971," Adams recalls. "The board went into executive session without me – something that had never happened before – and when they came back into open meeting, John Buck (then the board president) walked up to me and said, 'Neil, I've never had anything in my life I hated to do more than this, but I've got to ask for your resignation.' I said, 'You've got it. I'm damned tired of fooling around with

these so-and-sos over here trying to run Associated. If they want to run it, they got it.”

For the next two years, the board tried to run Associated themselves, except for an eight-month period when a Californian hired to replace Adams could not get a grip on the job. Conditions were so chaotic by the time Gerry Diddle was hired that after the first month he came home from work one night and told his wife, “I’m not sure I can handle this monster.” He did, of course, and very well for 18 years.

Looking back on Adams’ tenure as general manager, chief engineer McNabb remembers the negotiations between Adams, an electrical engineer who had grown up in rural electrification and the public power movement, and Art Doyle, attorney for the private companies before himself heading KCP&L. “It was a privilege watching Neil Adams negotiate with Art Doyle,” McNabb says. “I was just sitting in the corner watching what was going on, but you can’t imagine the thrill of seeing these tremendous forces working for each other and with each other.”

Attorney Gene Andereck adds this accolade: “Remember the political climate when Associated was being created in the late ’50s and early ’60s. You had Clarence Cannon, chairman of the House Appropriations Committee and a great friend of the Missouri cooperatives and public power. His and the Democrats’ view was that no way would private utilities have access to public power. The Republican view was there shouldn’t be any Associated, there shouldn’t even be an REA program, the private companies should be allowed to do this. That’s what Neil faced when he would go to Washington to try to promote Associated. Neil Adams is probably the only guy who could have gotten that done. It’s nothing that could have been done on cold legal principles; no lawyer could have done it; none of the engineers like Boudreaux and Green and Martz could have done it. They chose the right guy to go back there.”



Gregory Stockard, 1960s

“The farmer incorporators would say to us, ‘Now if you lawyers will just do this, it’s true we have no money to pay your fees, but if this thing works there’s going to be money and you’re going to get paid.’”

Gene Andereck

Gene Andereck remembers how badly the distribution cooperatives needed legal help and how little money they had to pay for it at the time they were being organized. “The farmer incorporators would say to us, ‘Now if you lawyers will just do this, it’s true we have no money to pay your fees, but if this thing works there’s going to be money and you’re going to get paid.’”

Andereck continues: “When the distribution cooperatives first appeared, nobody was sure this New Deal program was going to go. They certainly couldn’t get any business law firms in the cities to work with them – it was a specialty and there was no money in it. Two ‘country law firms’ decided they would gamble with it. South of the Missouri River, the firm headed by Gregory Stockard was the moving force. Gregory and his father, Fenton, and brother, Alden, would meet with the farmers. North of the Missouri, the Pickett firm with Russell and his father, O.A. Pickett, took on the co-op work.”

By the time Andereck joined the Pickett firm directly out of Missouri law school in 1947, most of the legal work putting the cooperatives in business had been accomplished. But little of the construction had started. “The co-ops were just kind of sitting there,” Andereck said, “and one of the things that led me to join the firm was Mr. Pickett’s view of the need for a rural firm in Missouri to provide business and trial work to these utilities. That was a big opportunity for a young lawyer.”

In 1963 came the famous electrical antitrust cases in which the electric cooperatives in Missouri took leadership. “This was more an activity of the G&Ts than Associated, which had just been formed,” Andereck explains. “Some 1,800 lawsuits had been filed against GE and Westinghouse and Allis-Chalmers and other manufacturers accused of engaging in antitrust activities in the ’50s and early ’60s. All the antitrust lawyers in the country said you can prove that they did it, but you can’t prove the price of a power transformer at a particular time, so you can’t prove damages. It wasn’t as difficult as some

thought. We in Missouri filed the second suit. Of all those cases, seven were tried and became cookie-cutters for the rest. The first, in Philadelphia, resulted in a \$30-million verdict for Philadelphia Electric. The second verdict was in favor of the Missouri co-ops – \$2.8 million, the second-highest verdict up to then ever granted in Missouri.”

One day in court, while waiting for the judge, Andereck was sitting with Boudreaux, Green and Martz. One of them said to him, “You lawyer types, why don’t you put your two law firms together and why don’t you base-load your operation with co-op work and charge us a postage-stamp rate? Then a little cooperative can have the same expertise at the same volume price as a big electric company. We’ve got Associated coming along, and we need a set of rural electric lawyers who can take on anybody – and you’ve shown you can.”

Out of that conversation in 1965, and after working together contractually for several years, the two law firms merged in 1972. Now bearing Andereck’s name, the firm serves Associated and all of Missouri’s G&Ts and distribution cooperatives, although some of them also employ additional outside counsel.

Andereck makes a point emphatically that “a lean settlement is better than a fat lawsuit any day.” He says that this philosophy combined with the effort to work out win-win situations has kept Associated out of litigation to a remarkable degree. Of 44 pending lawsuits in 1994, 30 were pro forma worker’s compensation cases, five or six were condemnation cases “and most of the others are going to get settled without going to court.”

Mike Boudreaux and Truman Green, in particular, but Fay Martz, too, were like Scottie dogs, in the view of Boudreaux’s successor, Ralph Shaw. “They were opposite of each other in every way, yet attracted to one another. They got in some dandy arguments and fights, but maybe they were the right combination for Associated at the time because they forced the rest to look at two sides at least to



Rex Dewey

“I’ll never forget what Fay told me when I first came to work here: ‘There’s Rex Dewey down at KAMO, nicest guy in the world. ... Then there’s Truman and Mike. Don’t lose any sleep over Mike ... But watch Truman, he’s smart.’”

Curt Funston

every issue. And that’s healthy.”

All three were among the incorporators of Associated, as was Charlie Boulson who thought Truman Green was the smartest of the bunch. He described Green as nervous and excitable and anxious to get things done. “He knew something about generation, he persevered and more of his ideas were accepted by the group than those of the other two.” Boulson viewed Martz as a strong leader, recalling: “One day in Washington I saw him point his finger at Clarence Cannon and tell him how the cow eats the cabbage – that’s an Ozark expression for telling someone off – and the congressman just sat there and took it. Fay could be very intimidating.” Boulson was not exactly fond of Boudreaux, whom he called “big, bluff and boisterous, a blowhard with a tremendous ego – he just knew absolutely everything there was to know.”

Curt Funston remembers that “while Fay and Truman and Mike ran together, Fay and Truman just kind of tolerated Mike. I’ll never forget what Fay told me when I first came to work here: ‘There’s Rex Dewey down at KAMO, nicest guy in the world, you won’t have any trouble with him. Charlie Boulson at Sho-Me is from the old school and very stiff and proper. Young Bob Stagner at M&A, a new kid on the block. Then there’s Truman and Mike. Don’t lose any sleep over Mike; he’ll bluff and give you all kinds of hell. But watch Truman, he’s smart.’”

O.B. Clark says Green was a “doer, but a dictatorial type, one of those can-do managers. You didn’t get crosswise with him, or you were destined to failure. Truman was an engineer, knew what he wanted, knew how to get there, and he just proceeded to do it, and he did it right.”

Nearly everybody connected with rural electrification in Missouri had a strong opinion about Boudreaux, not always a favorable one. John Davis said, “Mike was one of the most fun guys you could ever meet socially, but he lied all the time and you could catch him in his lies.” He added, “Of course you can quote me – I don’t say things

that I can't back up." Even Ralph Shaw, who felt better treated by Boudreaux than others, acknowledges that "listening to his stories, if he had done all those things he claimed to have done, he would have had to be 102 years old."

But many folks who were troubled by Boudreaux's ego, including O.B. Clark, Gerry Diddle and Truman Green, thought Boudreaux a competent G&T manager. Clark said, "You always had to keep an eye on Mike because he drove a big black car and wore expensive suits and was said to live in a Frank Lloyd Wright house. He was a true promoter, and a true promoter isn't always 100 percent objective. He always wanted something going on — building a power plant or buying a coal company or introducing jumping horses to line work. Before we bought the Peabody Coal properties at Thomas Hill, Mike wanted to buy the whole company. That was millions and hundreds of millions of dollars. He'd get you in trouble if you weren't careful. But he nevertheless ran a good cooperative."

Diddle remembers how Boudreaux tried to dominate the scene. "When I first came to Associated, Mike took me to dinner and said, 'Gerry, Associated turned out to be a lot more than I thought it would be — and to my detriment.' He reminded me of the battle over the location of Thomas Hill No. 1 and said, 'I want to build the next power plant, I want it to be a coal gasification plant and I want it to be built in Northeast's territory.' I said, 'Mike, I can never support you on that, but you can take it up with the board if you want.'" He did, but could not convince the board either.

Ralph Shaw, on the other hand, called Boudreaux "a visionary who saw things most people did not think about. For him, that 5 percent that was real had genuine value. For example, way before it was popular to think about it, he was talking coal gasification, which is why he wanted to buy the entire Peabody Coal Company, and he almost pulled it off. He looked way beyond Northeast G&T."



Kaskaskia Port Dock facilities

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And McNabb credits Boudreaux with pushing the Clarence Cannon Dam to completion and emphasizes how Boudreaux's plan for the dock and rail facilities at Kaskaskia saved millions of dollars for Associated and its customers.

Truman Green describes Boudreaux as one of a kind. "He'd tell stories a little hard to believe, but he was competent. Fay was not very tolerant of some of Mike's tales and didn't really trust him, even though they got along. Mike was a pretty independent cuss. Even when we got Associated going, he wasn't too enthused. We all had to give up something to have Associated. He resented giving up his little kingdom, but in time he realized how important Associated was and how Northeast really could not have survived on its own."

Gene Andereck tells a story about Fay Martz that was "the proudest moment of my whole career." It involved an incident in the electrical antitrust case in which the Missouri cooperatives won the \$2.8-million judgment. "Judge Roy Harper had announced from the bench that he was going to settle the case for X dollars and would pursue the matter further with the plaintiffs in his chambers. A GE vice president was there and all six G&T managers and Stockard and me. During a break in the courtroom proceedings, I asked my clients, 'You heard what the judge said, what do you want me to tell him?' Fay Martz said, 'I'll do the talking.' Now, you must understand first that Judge Harper was known as a tough judge and somewhat of a bitter man. He had been appointed by Harry Truman, but the Republican Congress had refused to confirm him. He was rejected about three times before finally being confirmed. In addition, political opponents had gotten the IRS on his back, all of which had made him bitter and tough. This is the judge who was inviting us into his chambers. He took off his robe and was very affable, expecting us to accept the proposed settlement. Fay stood up, bowed and said, 'No deal. We aren't going to give away the members' money that way.' The judge almost had apoplexy. He was the maddest judge you ever saw. And it

was the proudest moment in my whole career. I was so proud of these guys ... and by God they stuck with it and about six weeks later GE increased its settlement offer by about a million and a half dollars."

O.B. Clark intended to become a lawyer and was accepted at three law schools when he graduated from Colorado College with a degree in banking. Then his boyhood yen to be a rancher took command. "I always knew I could make it in the city," he said, "but figured that if I could make it on a ranch, that's where I always wanted to be." He and the college sweetheart he married started on a little ranch in southeast Colorado then looked for a place with more reliable rainfall. They found it at Barnett, Mo., where they bought several farms and converted them to a grass operation and started running cattle.

He soon was asked to serve on the Co-Mo Electric Cooperative board. Co-Mo is his distribution cooperative in Barnett. Its name consists of the first two letters of each of the four counties in which it serves: "Co" for Cooper and Cole, "Mo" for Morgan and Moniteau. Co-Mo elected him to the Central board and Central elected him to the Associated board. That was in 1974 when he was only 40 years old. In 1981 he became board president, succeeding Rudie Slaughter from Senath in M&A territory. Rudie, still growing cotton at age 86 in 1995, always joked that he had to go through Arkansas to get to board meetings in Springfield.

Clark can trace his motivation for service on these boards to childhood. As a city kid from Tulsa he would visit the small town of Ralston where his grandfather was a country doctor. Clark looks back, "I remember making house calls with my grandfather in an old 1937 Ford. We'd go north and south and east and west out of Ralston and while the town had a small municipal plant, nobody out in the country had electricity. The summers would be stifling and these rural folks didn't have fans or refrigeration or anything. It seemed weird to me, but I took it for granted until I became rural myself. I realized that living in central



O.B. Clark, 1990

"We represent these distribution systems that are out there serving the load at retail. ... The only way we can keep them competing is to do a good job on the generation and transmission side."

O.B. Clark

Missouri, even though we're on a state road, if we had had to wait for the investor-owned utilities to bring power to us, we probably still would not have it ... just not profitable for them.

"The reason I am so vitally concerned is because we represent these distribution systems that are out there serving the load at retail. It's tough for them to compete because their density is only three or four or five customers to the mile – very low compared to the IOU and municipal systems. Their labor costs are essentially the same, the poles cost the same, the trucks cost the same, everything is the same and they're being asked to compete at a retail level. The only way we can keep them competing is to do a good job on the generation and transmission side. If we can do a better-than-average job there, we can help them because it's very hard for them to help themselves."

Clark has admiration and sympathy for his predecessors, especially John Buck, the German farmer from Corning who was afflicted with palsy but had a bear-trap mind. "For a layman in this business, John Buck was inordinately bright. He understood contracts and never forgot anything. You just didn't have time to breathe before you were building something else, and then you had these unique and strong personalities – the original incorporators – to deal with. They were experienced utility people and each one knew his way was best, and every one of them had just given up a lot of autonomy. He kept the peace."

Buck died on a cruise ship at age 80 after dancing all night.

Gerry Diddle thanks Truman Green, REA Administrator David Hamil and his wife – another case of not necessarily in that order – for his decision to take the job of general manager at Associated in the spring of 1973.

He was sitting in his Washington, D.C., office, from where he directed REA's Western Area, when Truman Green called on him unannounced. Diddle had known Green

from the days when Diddle served as assistant director of the Southwest Area, one of REA's five area offices. That office handled REA loans in Missouri, and Diddle knew all the G&T managers and many of the distribution cooperative managers. He also knew that the position of general manager had been vacant for two years, except for a brief period with an interim manager who chose to resign after a few months, and that the board had been trying to run Associated by committee.

Diddle and Green chatted about old times and mutual acquaintances, then Green said, "Well, Gerry, we're looking for a new manager." Diddle said he was well aware of that. "Have you given any consideration to applying for that job?"

"Truman, that has never crossed my mind."

Green asked Diddle to give it the most serious consideration, saying he knew Gerry's background and thought he could make a contribution.

That night Diddle really wasn't giving much thought to it, but in response to one of those "What happened at the office today, dear?" questions, told his wife about Green's visit. "I didn't give her any indication whether I was interested or even giving it much thought," he recalls. "She said, 'Show me on a map where Springfield, Missouri, is.' We had a married daughter in Wichita and a son who had just been transferred to St. Louis. As soon as she discovered Springfield was halfway between these two places of special interest to her, she said, 'Well, you did tell him you'd take the job, didn't you?' I said that really I hadn't given any thought to it. She said, 'I recommend you give that some serious thought.'"

As he did think more about it, the idea became more appealing. But he felt obligated first to check with his boss, Dave Hamil. While waiting to see Hamil, he chatted briefly with Hamil's deputy, Dr. Everett Weitzel, who exclaimed: "Gerry, if you wanted to leave REA for a job



Gerry Diddle, 1990

"He (Dave Hamil) felt strongly that the potential was there for Associated to become one of the great wholesale suppliers of electricity throughout the whole country."

Gerry Diddle

with one of the G&Ts, you couldn't have picked a worse one than Associated. They really have problems out there. I'm not even sure that board wants another manager." Diddle says he didn't know how the word had gotten out, but that it was pretty well known within REA that a certain element of the board did not want a manager; they wanted to run it by committee. This was during the period after the resignation of Neil Adams, leaving Jim McNabb to run the engineering and operations side of the business and Ed Jehle the management and financial side. Diddle was surprised at Weitzel's reaction, but a few minutes later Hamil's was 180 degrees opposite.

"Regardless of the struggles that Associated might be going through," Diddle recalled, "Dave knew very well that pooling of the assets and the diversity within the assets of these six G&Ts and trying to bring them together in one statewide organization was a tremendous job. He felt strongly that the potential was there for Associated to become one of the great wholesale suppliers of electricity throughout the whole country." Hamil said he would hate to see Diddle leave REA, "but if you're ever going to make a move, this would be a good one." That did it. Diddle made application, and with Hamil's support, was chosen manager in the spring of 1973.

The Diddle son and daughter who were close by were pleased with the move but not so with a second son just starting high school. Diddle encouraged Brian to get active in school life, and Brian turned out for football. One bright and sunny afternoon Diddle decided to visit the practice field to see how Brian was doing. "I'm sure I was conspicuous in my business suit, the only person there dressed so. The coach sauntered over to make sure I wasn't a scout from one of the other schools. I introduced myself and he said, 'Oh, you must be Brian Diddle's father, he's a good one.' 'Yup.' 'Where do you work?'" Diddle said he had just joined Associated as general manager. The coach thought that was interesting because the previous year's star was the son of the person who had held the same job briefly.

The coach said, "That boy was good, too, but the family left after a few months – I hope you're going to be here more than six months."

That night in relating the story to his wife, Gerry said, "And I hope we're going to be here more than six months."

Diddle stayed for 18 years before retiring in 1991. But with only an eight-month interim manager for the two years prior to his arrival, and with the board attempting to do a manager's job, he encountered problems that would have made a lesser man a short-termier too.

Funston reconstructs the scene: "When Gerry arrived, we were having all kinds of problems with New Madrid Unit No. 1; Unit No. 2 was under construction; we had labor troubles and a coal strike; we had a barge unloading facility that didn't work; we had a conveyor system that froze up in the wintertime. Gerry got things on track, but it took a while."

Diddle also overcame a problem of communications with the distribution cooperatives. John Davis remembers that in Neil Adams' day there was an "absolute barrier" maintained by the old-line G&T managers between Associated and the distribution cooperatives. The board members, half of them managers, went back home and told their distribution cooperatives what they wanted them to know. That didn't help Neil – if something went wrong, it was always "Associated's fault." Davis says, "Gerry changed all that, and some of the G&Ts resented it. He started going to all the co-op meetings, preaching the Associated philosophy, which was accepted extremely well."

Jim McNabb thinks "there aren't many people around who recognize or will admit what Ed Jehle's contributions were to Associated." He says that Jehle and Diddle simply did not get along. There were other factors involved in Jehle's departure, but disagreement over the financing of New Madrid Unit 2 was the chief problem in the eyes of Jehle, McNabb and others.



Ed Jehle, 1960s

"He (Jehle) was driven, one of the most tenacious men I've ever known. He treated Associated money like his own, and he was as tight with his own money as anybody."

Jim McNabb

"Ed Jehle was here when this thing started, when everything was new and different," says McNabb, who along with Jehle was among Neil Adams' first four hires. "For example, the coordination agreement said only in a general way and in a few paragraphs what the financial arrangement would be between Associated and the G&Ts. Ed had to go out and convert this into operating policy and practice and procedure. This ultimately determined how big a check we sent to each G&T each month and vice versa. This was tough stuff. The costs had to be distributed fairly. Ed got the six G&Ts to agree what was fair and convinced them he would administer it in a fair way. Somebody had to persuade the strong personalities – Green and Martz and Boudreaux – that things were being handled in the right way. Jehle was able to do that. It took tremendous fortitude, as well as smarts and other qualities. And Ed didn't have much time to do it. But he got it done and it's still being done the way he set it up."

Acquiring the land for Thomas Hill Unit 1 was another of Jehle's major contributions, in the view of McNabb, as was the financing for New Madrid Unit 1. As for the financing for New Madrid Unit 2 that ended Jehle's Associated career, McNabb thinks Jehle took a bum rap.

"You've got to understand Ed," McNabb continues. "He was driven, one of the most tenacious men I've ever known. He treated Associated money like his own, and he was as tight with his own money as anybody. When he paid a little more than the going price for the Thomas Hill acreage, it was because he knew he was saving Associated the cost of condemnation proceedings and time delays. And when it came to financing New Madrid No. 1, I don't think anybody else on earth could have put that package together."

The financing he arranged for New Madrid Unit 2 was another matter. "Some political things were going on," McNabb said. "The CFC (National Rural Utilities Cooperative Finance Corp.) had been formed, and there were those who wanted to get them (CFC) involved. It appeared to some that Ed was following some sort of strategy to sell

his own package when everybody else wanted something different. I don't think that's the way it was. I think Ed was told to put a package together, and it was a good package, and it did what everybody wanted it to, and political things came into play and the board decided to do something else."

That, of course, is not the way Curt Funston or Gerry Diddle and others saw it (see Chapter 8), but McNabb concludes: "It got to be a stone around Ed's neck, and I'm not sure he deserved that."

McNabb, who has received so many accolades over the years, ends his commentary on Jehle with this observation: "We all go through periods. Everybody says they love me now, but it wasn't always that way. Had Ed stayed with Associated, he'd probably be in the same shape I'm in."

Jehle says of his falling out with Diddle only that "it was a difference in philosophy. I thought Associated should stand on its own feet." In Jehle's view, REA financing meant "going to Washington to beg." But neither Jehle nor anyone else connected with Associated thinks the cooperative movement in Missouri or elsewhere could have succeeded without the jump-start it got from REA financing.

When Jim Jura received his first telephone call about the general manager's job at Associated, it was not "Are you interested?" but "Do you know anyone who might be interested?" Somewhat in the manner that Gerry Diddle told his wife about the visit from Truman Green, Jura mentioned the call to his wife, Freddie (short for Fredericka). She said, "Sounds like they wanted to know whether you might be interested."

"I called Gerry to find out more about the job," Jura recalls, "and told him, 'Maybe I'll take a look at it.' He said, 'Maybe you should,' and that's as far as that conversation went – he was careful to stay out of the selection process." The recruiter met Jura in New Orleans, and Jura became one of four individuals actually interviewed by the



Jim Jura, 1993

One of Jura's first objectives was an internal one. He wanted to bring his management team together, make it more cohesive.

board. "I came away feeling good about AECL, and Freddie said she liked the area, but I didn't hear back from the recruiter or anyone else for a long time. The next person I heard from was our board president, O.B., who offered a salary and some conditions. I looked at that and thought about the great job I had as Bonneville Power administrator and – while there always comes a time to leave a job like that – decided I was in no hurry to make a move. I declined. As it turned out, the board did not turn to another candidate. What I didn't know was that the recruiter had become seriously ill and totally incapacitated while the selection process was under way. Three or four months went by and another person from the same recruiting firm called to say Associated still wanted me and asked what it would take. I told him I would be giving up a lot, including 20 years of government service. We talked some more. I went to St. Louis to meet with him and O.B., Bob Stagner, Ralph Shaw and Larry Frazier, and we wound up shaking hands." That was in May 1991. Jura left BPA in August and started work Sept. 1.

One of Jura's first objectives was an internal one. He wanted to bring his management team together, make it more cohesive. Jura said he told Jim McNabb, "You and Gerry did a great job. You really drove this machine. But now we have a lot of folks who report to me, and I want to make sure they understand everything that is going on and improve their ability to provide input." So I brought in a fellow from the outside who is real good at team building, and we went out and had a little retreat. It used to be that when McNabb would say something, everybody accepted it. Nobody spoke up to say, 'hey.' McNabb was very understanding about this. He had always responded at such a high level, but now it was not difficult to convince him that some of these other guys might have something to contribute and we needed to give them more opportunity. He was great about that."

McNabb likes to joke that he was hired as manager of engineering, then made manager of engineering and operations, basically the same title he has today (1995). "So I

Why go with a small nothing organization? ... I was seeing the vision Neil had, and I was completely captivated by it.

haven't had a promotion in 30 years." He was the third senior staff member hired – "if you can call a bunch of 30-year-olds senior staff."

Gerry Diddle says admiringly: "Jim had a chance at age 30 or thereabouts to do things few other 30-year-olds, if any, have ever had. The first year, Associated had only about five employees. We didn't have 25 until 1972. Jim was negotiating power contracts with one hand and labor agreements with the other. Most of the transmission partners we were doing business with – Union Electric and the rest – had a relay man and a substation designer and a contract person and a communications person and a telemetering person sitting on their side of the table, and on the Associated side would be Jim McNabb all by himself. He could walk in the front door of any utility and people there, whatever the department, welcomed him."

O.B. Clark has this to say about McNabb: "We were growing so fast, and forecasting future needs was so unsophisticated in the early days of Associated. We would see that we had been growing at 8 percent per year and would project the same growth. With that kind of forecasting, and with some unexpected development, by the time we would bring new generation on-line much of it might be in excess of our needs for some considerable time. That kind of problem brought a lot of co-ops elsewhere to their knees because they did not have the transmission to sell it outside their own systems. McNabb's drumbeat insistence years earlier that 'we need transmission, we need transmission, we need transmission' meant that we had the

strongest and best integrated transmission system in the whole co-op world; and we were able to sell excess, and our ratepayers didn't have to pay for it."

McNabb was born 40 miles down the road from Springfield in the small town of Marshfield where he worked summers for Sho-Me under the supervision of Howard Fillmer. "He made me aware of the opportunities for making a living in the utility business," McNabb said.

After earning his degree at the University of Missouri—Rolla – "the best engineering school in the world" as far as he is concerned – McNabb "set out to conquer the world." He figured he would start by becoming the president of Westinghouse and went to work for that company in Pittsburgh. "I stayed in touch with Fillmer and Charlie Boulson, who was Sho-Me's manager then and heard about this new outfit called Associated that was going to be some kind of super G&T. Fillmer told me there might be an opportunity for a job with them someday. Associated was struggling to get off the ground, but finally in August 1962 it opened for business and Charlie Boulson convinced Neil Adams he should contact this young engineer he knew in Pittsburgh. I met Neil for breakfast in Springfield and by noon he offered me a job, and within five minutes I accepted. Why go with a small nothing organization? You didn't have to be around Neil Adams very long to see what he saw, and to realize what kind of capabilities he had to make this little organization something. I was seeing the vision Neil had, and I was completely captivated by it."

THE 1990S IN PHOTOGRAPHS

Competition became the watchword of the 1990s as it pervaded almost all American industries. Bankers to bakers found "downsizing" or "restructuring" a means to become more efficient and competitive.

The electric utility industry was no different. News of budget cuts, layoffs and mergers dominated industry reports. Even rural electric cooperatives, once insulated from such pressures, felt the threat of competition. Strengthening its competitive position became a priority for Associated.

"Even though our current competitive position is excellent, we must continue to push ourselves to improve," explained General Manager Jim Jura. "We believe there always is room for improvement, and for lower costs, especially as we shed some of the old ways of doing business and adopt the new."

Although Associated is lean – with 676 full-time employees in June 1996 – Jura introduced an efficiency initiative in 1995. Employee empowerment is one part of the initiative that will help Associated achieve its vision: to be the lowest-cost wholesale provider of electricity in the nation.

During the 1990s many circumstances threatened Associated's competitive position.

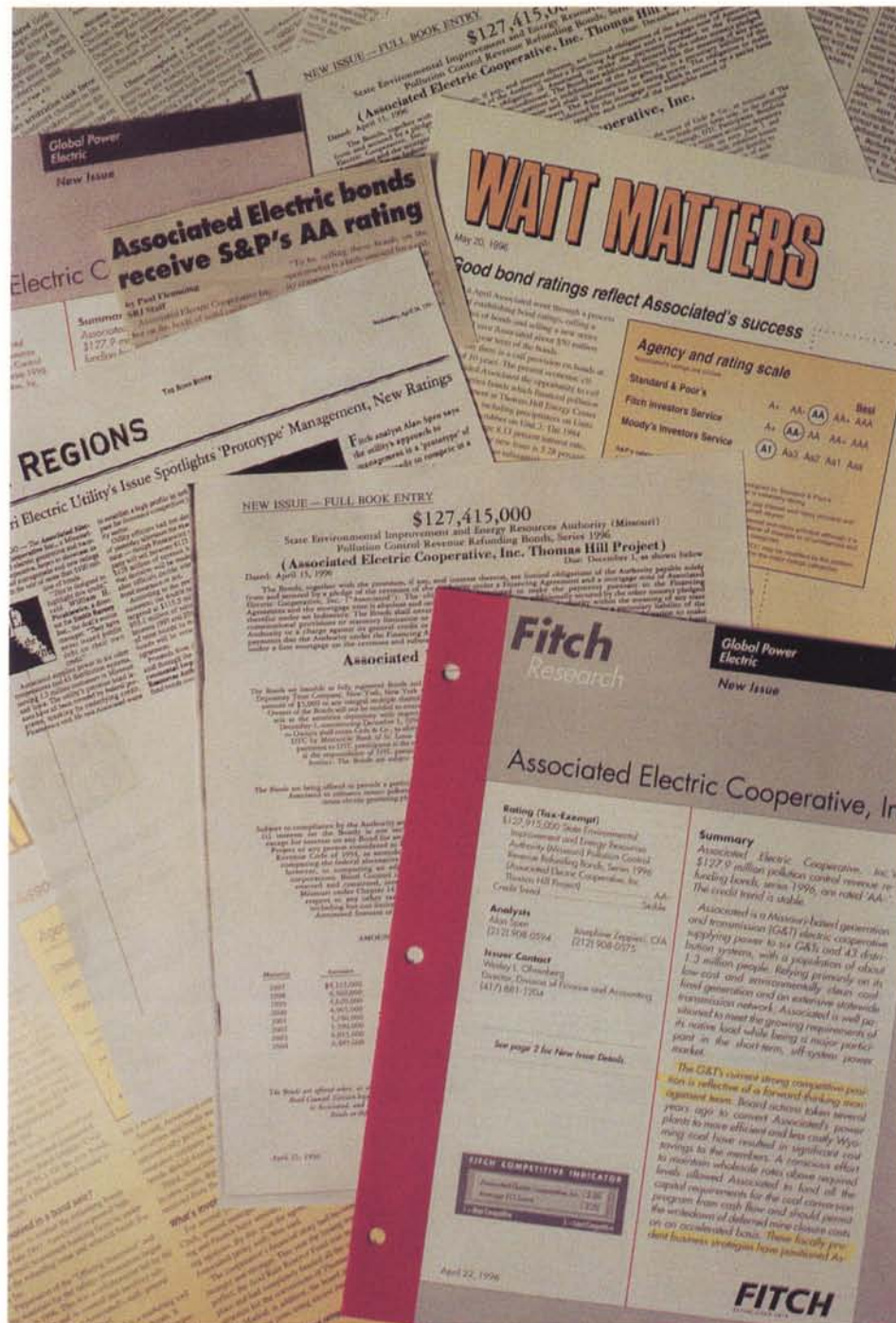
- In 1990, Clean Air Act Amendments were enacted, forcing Associated and other utilities to find ways to drastically cut sulfur-dioxide emissions. After a lengthy evaluation process, Associated switched to burning low-sulfur coal, requiring \$200 million in plant modifications. The decision also resulted in layoffs at Associated's mine and Thomas Hill Power Plant.

- Approval of the National Energy Policy Act (NEPA) by Congress in 1992 ushered in the era of competition. NEPA authorized the Federal Energy Regulatory Commission to order utilities to open their transmission systems to others. Numerous private power marketers surfaced to join the competitive fray.

Despite the challenges, Associated marked several triumphs:

- Of 56 bulk cooperative power suppliers surveyed, only one reported lower member rates than Associated in 1995. During the year, the six G&Ts saved about \$60 million, resulting from a 17 percent rate reduction implemented Jan. 1, 1995. Associated's member rate was listed in 1995 at 26.97 mills per kWh with a total of 10,154,071 MWh member sales. Studies indicate that Associated's rates should not significantly increase before 2009.

- A combination of lower rates and higher sales produced an impressive 1995 net margin of \$23.9 million, compared with \$13.8 million in 1994.
- Generating capacity in 1995 was 2,358,000 kW.
- July 12, 1995, Associated set a new all-time peak of 2,728 megawatts.



The 1990s



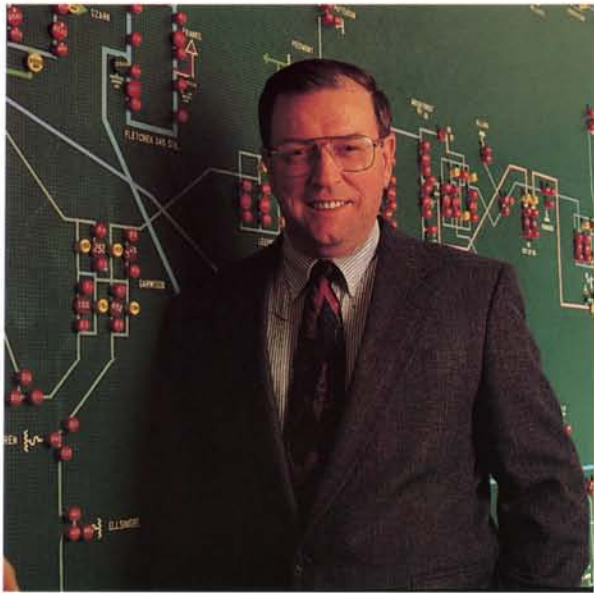
The serenity of Thomas Hill Lake belies the activity during the early '90s at the Power Division to bring the units into compliance with the 1990 Clean Air Act Amendments which resulted in Associated's switch and modifications to burn low-sulfur western coal.



Mine Manager John Newman, gesturing, visits the mine shop with, from left, Human Resources Division Director Dave Stump, General Manager Gerry Diddle, Associated President O.B. Clark and Mining Division Director Mike Vallez.



Jim McNabb jokes he hasn't had a promotion in 30 years. Associated's fifth employee, hired as manager of engineering, McNabb's title is still quite similar in 1996 — director of engineering and operations.



M&A General Manager Bob Stagner holds the distinction of being the longest-term Associated board member. He joined the board in 1969.



After 18 years as general manager of Associated, Gerry Diddle retires Feb. 1, 1992. Employees honor him with a party in the Headquarters coffee shop.



In the early 1990s Associated's board of directors considers options for complying with the 1990 Clean Air Act Amendments. By conducting a public involvement process throughout Missouri, the board learns opinions from throughout its service area regarding the future fuel source for both Thomas Hill and New Madrid power plants. The board also creates a special fund through excess margins to finance all of the \$200 million plant modifications needed to switch to burning low-sulfur coal. Members, clockwise around the table from left, include Don Shaw, Central; General Manager Jim Jura; Gary Voigt and Art Carrier, KAMO; Jim Steele (hidden), NW; John Davis and Larry Frazier, Sho-Me; Jim Abernathy and Bob Stagner, M&A; Ralph Shaw and Maurice Happel, Northeast; and O.B. Clark, Central.

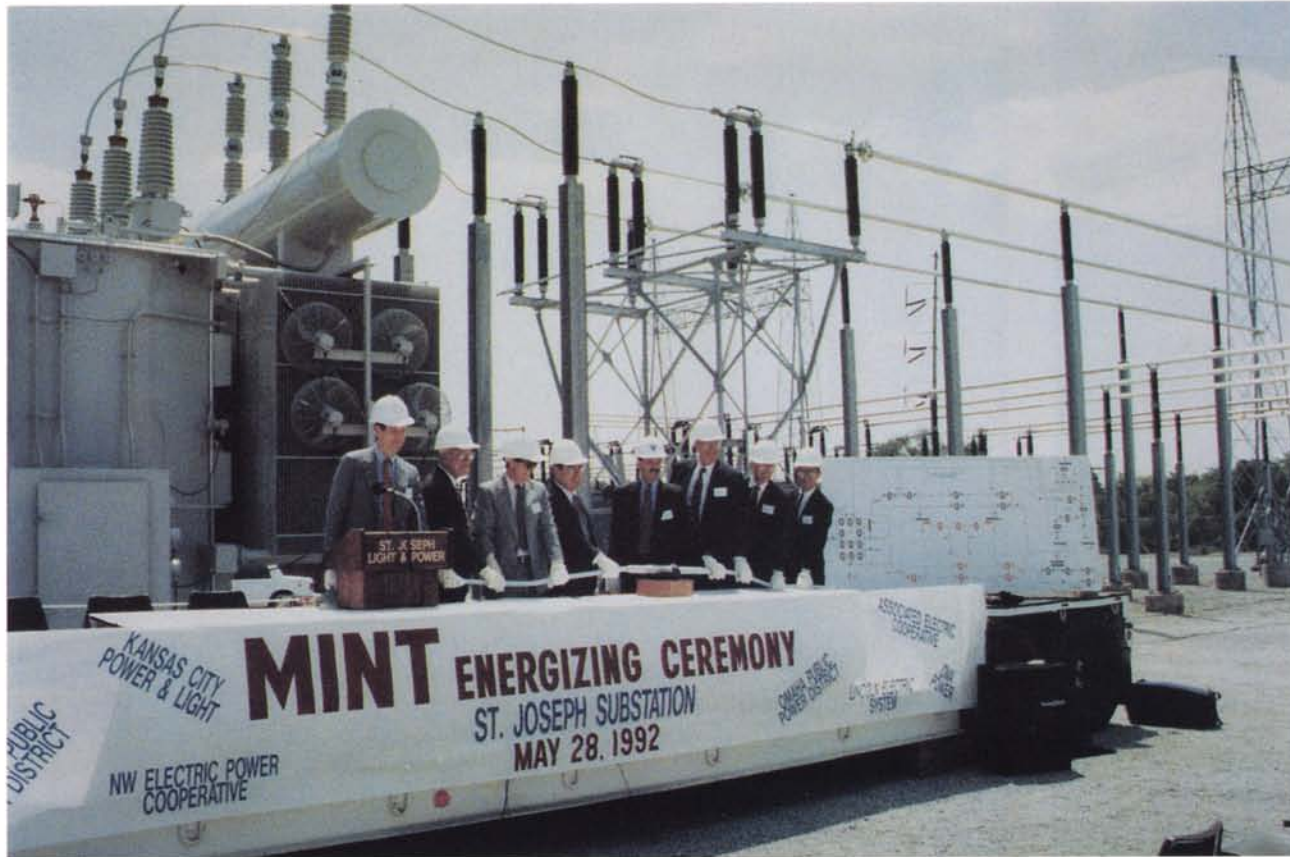
When Associated's board of directors faces the decision whether to use high-sulfur Missouri and Illinois coal or low-sulfur western coal, General Manager Jim Jura, in photograph at right, visits locations throughout Missouri to explain Associated's options for complying with 1990 amendments to the Clean Air Act and listen to public reaction. He meets with one group March 12, 1992, in the Moberly Area Community College auditorium in Moberly.



Through a series of public meetings, Associated seeks input regarding its options for complying with Clean Air Act amendments. During a comprehensive public involvement program, Associated executives and board members attend public meetings throughout the state. About 1,000 residents turn out for meetings in Macon and Moberly. Prior to one of the meetings, Max Cates, left, director of Marketing/Communications, meets individually with a concerned citizen to discuss the issue.



Representing Sho-Me, Larry Frazier, manager of White River Valley Electric Cooperative, serves on Associated's board from 1987 to 1994.



Jim Jura presides over the May 28, 1992, 345-kV MINT line energizing dedication at the St. Joseph substation. The 102-mile MINT (Missouri, Iowa, Nebraska Transmission) line is a joint project of Associated, Kansas City Power & Light, St. Joseph Light & Power, Iowa Power, Lincoln Electric System, Nebraska Public Power District and Omaha Public Power District.



Six of the original Thomas Hill Power Plant employees celebrate their 25th anniversaries along with the power plant on its 25th in 1991. They include, from left, Bob Fannin, Jerry Pinegar, Bob Bohm, Art Winkler, Bob Boots and Bill Muckelrath. Two more employees hired in 1966 but not pictured include Don Delzer and Dennis Hicks. Gerry Diddle, right, is general manager in 1991.



From the control room, operators obtain information from hundreds of points throughout the power plant which help them monitor the performance of the unit and control its operation.



A.J. Gross, engineering associate I, surveys near the pit at Thomas Hill Mining Division to document mining and reclamation progress.



Operators working at Thomas Hill Unit 2's control console divide responsibilities for load control and temperature and water control. Randy Taylor, foreground, responds to an alarm indicating high duct temperature. By pressing a button to the right of the computer, he can view a series of screens which allow him to check the temperature and make adjustments. Mike Massey, background, concentrates on increasing the unit's load. The control room for units 1 and 2 is modified with computer equipment in 1994, expanding operators' abilities to monitor unit operation and performance.



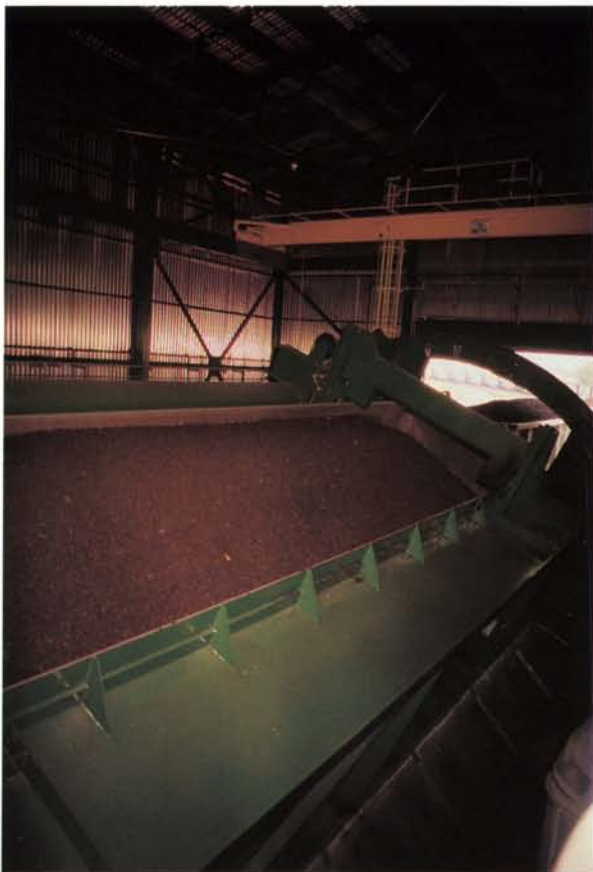
Designed to meet seismic zone three earthquake requirements, New Madrid's radial stacker has 284 yards of concrete in its base and cylinder. From the bottom of New Madrid's rotary dumper, coal rides a quarter-mile conveyor to the radial stacker which can distribute 4,000 tons of coal per hour. To spread coal over the reclaim hoppers, the stacker's 150-foot boom pivots up and down or sideways.



Railroad track leads to the rotary car dumper building under construction at Thomas Hill. The rotary car dumper clamps onto incoming coal train cars and turns them upside down to dump coal.



More than 25,000 acres of mine property, some of it reclaimed mine lands, surround the Thomas Hill Energy Center Power Division. Since 1980 when Associated began operating the Mining Division, composed of both the Prairie Hill and Bee Veer mines, the land has been returned to a quality equal to and, in many cases, better than before mining. Reclamation continues after active mining ends in 1993.



Construction in the early 1990s modifies Associated's two power plants to burn low-sulfur western coal arriving by rail. This rotary car dumper at New Madrid uncouples cars one by one from a coal train, clamps onto a car and rotates it upside down, dumping coal into an underground hopper.

This dust-collection system works like a vacuum to collect dust around the rotary car dumper when train cars dump coal at Thomas Hill. Coal dust is combined with water, and conveyors deliver this wet, powdery substance to the power plant to be burned.





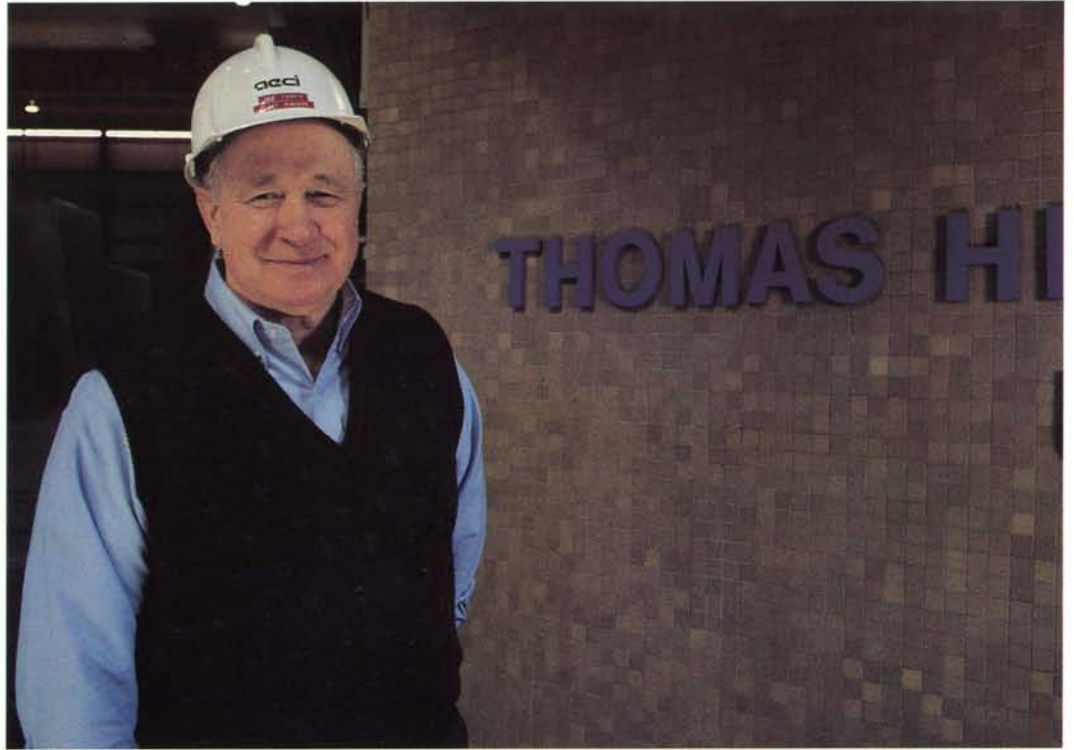
A helicopter lowers a section of tower in 1993 to help complete a transmission project connecting Associated with the Tennessee Valley Authority (TVA). Associated is the first new party TVA interconnects with since 1968.



In the water lab, Roy Norton, chemical lab technician, runs a battery of tests to ensure water used to operate New Madrid Power Plant remains pure.



In 1996 Associated retires its 20-year-old General Electric 4020 computer, upgrading its dispatch center with a state-of-the-art energy management system. Using four, full-color display terminals, dispatcher Ken Switzer monitors information from more than 7,000 points throughout Associated's system.



Associated recognizes Bob Fannin, who started work at Thomas Hill Power Plant 30 years ago when there were about 30 employees and one unit in operation, with the 1995 Excel Award for Distinguished Service. Bob has been plant manager at the Thomas Hill Energy Center Power Division for the past 15 years.



To recognize excellence among employees, Associated implements its Excel Awards program in 1993. Employees, nominated by their co-workers, are singled out for recognition of their outstanding achievements. Also recognized during the ceremony are 20-, 25- and 30-year service anniversary recipients. In 1995 President O.B. Clark and General Manager Jim Jura (rear) recognize these employees for achieving 20 years of service with Associated: front row from left, Angie Vire, Len Hand, Dan Upp; second row from left, Loyal Akins, John Fourthman, George Broughton, Clarence Case; third row, Dennis Bailey and Ronnie Sandage. Not pictured are Lynn Atchley, Harold Wright, Larry Joe Holtzhouser and Tom Kitchen.



In May 1990 Thomas Hill Power Plant employees complete 400,000 worker hours without a lost-workday injury. Plant Manager Bob Fannin, Safety Coordinator Bob Bohm and Power Production Division Director Bruce Stone (left to right) conduct a ceremony to recognize employees for their accomplishment.



Associated President O.B. Clark surveys reclamation work at the Prairie Hill mine as the board of directors tours the mine in spring 1996. By March 1996, reclamation work is 60 per cent complete and under budget.

Board member Jim Abernathy, left, and attorney Gene Andereck tour the maintenance garage during a spring 1996 board visit to the Thomas Hill Mining Division.



Gerald Cheever marks 50 years working in Missouri's coal mines in 1991. He got his start as a tippie hand for Binkley Coal Co. in August 1941. He retires from Associated as a dragline operator in February 1993.



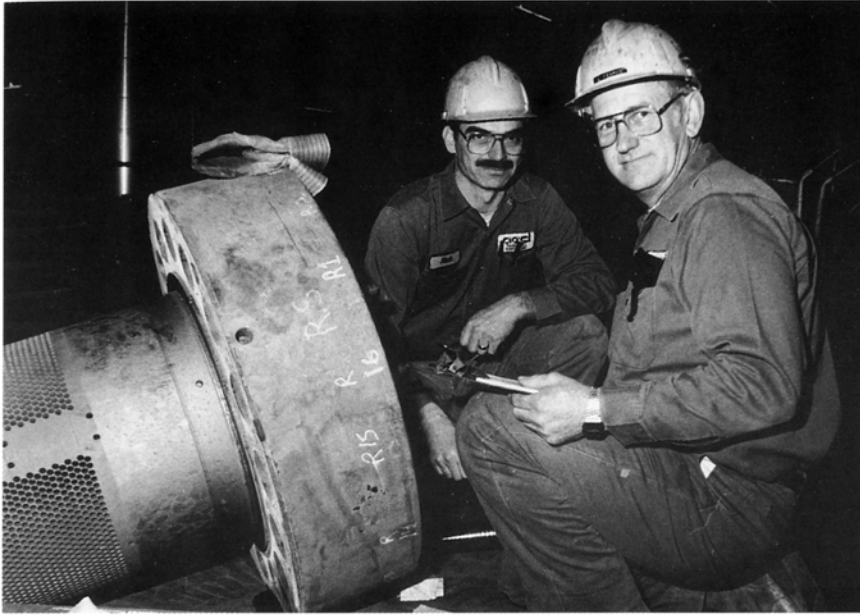
Staffing security post 1 at Thomas Hill Power Plant, Cecil Billue, protective services officer III, communicates via radio with another officer patrolling Associated's property.



Thomas Hill Power Division employees, from left, Paul McCloud, Greg Jacobs, Tony Joseph and Jim Kraft hoist a shaker used on top of a rail car to unload bottom-dump rail cars in 1994, when Associated is converting its facilities to unload and burn low-sulfur coal.



Jim Steele has been representing NW Electric Power Cooperative on Associated's board of directors since 1990.



Thomas Hill Power Division mechanics Richard Wood and Eldon Penrod, right, check a turbine high-pressure steam valve during a 1994 maintenance routine.



Paul McCloud unloads coal from a bottom-dump rail car at the Thomas Hill Power Division in 1994, a time of transition from high-sulfur to low-sulfur coal.

Checks and Balances

In the early days, Associated board members would light up the boardroom with profanity and angry debate. Then the antagonists would put their arms around one another and head for the nearest bar to swap jokes and tall stories. "But some of those guys were like crocodiles," observed John Davis, by 1995 a 20-year veteran of the board. "They just jumped up and bit you because it made them feel good." Board decisions were seldom unanimous.

As often as not, board actions passed by the minimum eight-to-four majority required by AECI bylaws.

Today, board members still strongly argue the issues, but more on merits than emotion. There is decorum and



Serving on Associated's board of directors, members balance responsibility to their individual G&T cooperatives with their duty to advance the best interests of Associated. From left, Carl Herren represented Central for 13 years; in 1996 John Davis has served on Associated's board 21 years for Sho-Me, and Maurice Happel, representing Northeast, has served 14 years.

Some of those guys were like crocodiles. They just jumped up and bit you because it made them feel good.

civility. Charlie Boulson says, "Death and retirements have resolved most of the fractiousness." And with more emphasis on preparation and supporting data, there are a great many more unanimous decisions.

"We each had to learn how to be a board member rather than just an individual manager," the veteran Bob Stagner observed in 1995, looking back on 26 years on the Associated board. "We had some real giants at the beginning. They had accomplished something phenomenal when they formed Associated. They had demonstrated foresight. Then, they had to mold the organization into what it is today. They had not yet drawn the line between Associated's responsibility and their own day-to-day management responsibility. Keep in mind, these were managers used to running their own operations. It took some time for them to learn to subordinate their individual G&T interests to Associated's interests ... to learn to leave their G&T hats outside and put on their Associated hats when they

entered the boardroom. What I have seen in my time is a real maturing of the board."

Central's Don Shaw, one of the

newer board members who has heard all the stories about the old days, says that now "everybody comes to the board table with an open mind. Some of the issues develop over time, as well. We don't just walk in and say, 'This is what we're going to decide today.' Good thing. The longer you have to dwell on an issue the more likely a better decision."

Board President O.B. Clark calls it a tough balancing act. "Each director represents one of the six G&Ts, and must reflect those views fairly but cannot afford to be parochial. When I go to a board meeting, I have to listen to the presentations, weigh the choices and do what I think best – not just for my G&T, but for Associated. If you can't come down there and support what's best for Associated, then you're not doing your job."

Clark remembers how, as a young director, he would carefully listen to the discussion, and when it came time to vote, "almost invariably Truman Green, the other board member from Central G&T, and I would be on opposite sides of the issue. He'd look at me and I'd just kind of look away, and I knew that the whole distance between Springfield and Lebanon, nearly an

hour, he was going to chastise me because the way I voted wasn't particularly good for Central. I remember saying more than one time, 'Truman, I voted the way I thought I should, and if you don't like the way I voted ... then you're strong enough to talk to the other directors and get me replaced ... but as long as I'm sitting on the Associated board, I'm going to vote the way I feel is right.' So, for quite a time there after I came on the board, Central would split. And you might think this would have gotten in the way of our relationship, but it didn't. I had the greatest admiration and respect for Truman, and I think, basically – because I voted what I felt was best and never did apologize or seek his wisdom and guidance – he had the same respect for me. To this day, we're very good friends."

"You go home and tell your board how you voted and if they don't like it they let you know," Ralph Shaw of Northeast says. "You try to make decisions that you think your board will like, but when you go to an Associated board meeting you do not represent your own G&T, you represent Associated, you represent all six G&Ts, and while you're nominated by the members of your own board, you're elected by the directors of all six G&Ts."

Shaw likes to call the board-election process "co-op democracy at work." A nominating committee within each distribution cooperative places at least two names in nomination for each position on the local board. Voting is on the basis of one member – that is, one electric meter, one vote. Then the board of each cooperative sends representation of its members to the G&T board, and each G&T sends two to the Associated board. Shaw says it is not mandated that G&T managers always sit on the Associated

board of directors, but that such has always been the case.

Clark says "one of the great things" about the cooperative program is that local people know who the directors are. "If I walk into a grocery or hardware store or a coffee shop and someone there has something to get off his or her chest, I'm accessible – right then and there. That's probably the purest form of regulation. In Missouri, y'know, we're not under the Public Service Commission. Just the same, if we don't keep rates competitive, if we don't provide good service, we're not going to stay as directors very long."

Clark says there has been no rejection of board members at the AECI level, but at the distribution cooperative level it happens many times.

The requirement for an 8-4 majority vote on the board allows for split votes between two members from the same G&T. It resulted from an arithmetical extension of earlier voting procedures when the G&Ts had one vote each and a 4-2 majority was required. While it takes an 8-4 vote to approve issues, it does not take an 8-4 negative vote to kill something. That is, if the question is framed right, a 7-5 majority in favor will still defeat a proposal.

When he first was elected to the board, Clark felt information was not getting to all the members at the same time. "I'm opinionated and make

decisions quickly, but I'm a big believer in what I call 'board wisdom.' If you have 12 members, as we do, some of them utility managers, some of them successful businessmen, and if they get the information at the same time – with nobody precommitted and trying to line up votes – board wisdom, if allowed to develop, is a strong thing." He views it as his job to wring board wisdom out of all the personalities and to make all of the members feel like "equal players."

Board wisdom, Clark says, is more likely to prevail on a cooperative board than on the board of an investor-owned utility or any other private business organization. That's "because on the board of a business corporation, if you don't support the chairman pretty consistently, you won't be a director very long. If I'm chairman of a corporate board, I control the proxies, and if it's General Motors and Mr. Ross Perot becomes a thorn in my side, I'll figure a way to get him off my board. In a stock company, directors serve pretty much at the will of the chairman. A co-op board doesn't work that way. Directors are elected, they represent a constituency and you have to work with them. You have to 'dance with the girl that brung you.'"

The pronouns "he, him, his" are not improperly used in this chapter. By 1995, no female had been elected to the Associated board. Jura says the electric industry has been slow in pro-

viding leadership opportunities for women, "but now it is just a matter of time. Women have served on the distribution co-op and G&T boards, and I expect to see one or more on the Associated board before long."

Everybody is looking over everybody's shoulder at Associated, making for what Jim Jura calls strong checks and balances. The board looks over the manager's shoulder. The REA and CFC over the board's shoulder. The boards of the G&Ts and the distribution cooperatives over their representatives on each successively higher board. The cooperative membership over the whole operation. The Association of Missouri Electric Cooperatives over the legislature and the legislature over everybody.

"When Jim (Jura) came aboard," Clark said, "I told him I'm president of the board, and I have certain responsibilities, but I want you to know that you are the general manager and I am not going to be down here with any great wise counsel. But, I don't want you to interpret my absence as any lack of interest, because I am vitally interested. My philosophy is to give



Although a woman has never been elected to Associated's board of directors, women serve on boards at the G&T and distribution level. Carol Tomb joined the board of Platte-Clay Electric Cooperative in 1995. Touring the site of Platte-Clay's new corporate office, Tomb discusses construction progress with Ric Jones of Burns & McDonnell engineering firm.

We each had to learn how to be a board member rather than just an individual manager.

people the responsibility to run things and along with that the freedom to do it.”

To which John Davis adds: “Trust is a big thing. The reason we’re as strong as we are today is that these directors from around the co-op tables of the state have trusted the management of these organizations – the distribution co-ops, the G&Ts, Associated itself – to develop what we have developed. For example, we were allowed to build a 600-MW generating unit at a time when our total load wasn’t much above that. They allowed us to do things like that, and it kept us on the cutting edge of technology. That is why we are beyond doubt the strongest cooperative G&T-distribution structure in America today.”

Clark says it all goes back to the members and directors they elect. “The directors who are not professional utility people have other valuable experience. Some are directors of fire districts, school boards, various farm organizations. Decisions made by Associated go through a committee process before reaching the board. The checks and balances I see as always there are the open communications. Anywhere I go in my service area, people ask questions, and that’s the way it goes all the way up to the Associated board with all those overlapping direc-



Individuals like Arthur Carrier who are not employed by a cooperative are the only directors who can serve as officers on Associated’s board. Representing KAMO, Carrier, who serves as secretary, was elected to a seat on Associated’s board in 1990. He operates a 500-acre farm near Lockwood where he raises Angus cattle and grows crops.

torships and memberships. You can’t do things in the cooperative movement that you can in a private business, because your customers own you, and you better listen to them.”

Jura, himself, views the makeup of the board as the best kind of checks and balances. “We have six different G&Ts at this table who have different circumstances – for example, seasonal differences. Utilities upstate have different load patterns. They bring these differences to the table. I’m amazed how they put their Associated hats on and ask what’s best for the overall system. Of course, self-interest shows up some ... it has to.

"I talk to G&T managers from other parts of the country who tell me, 'I don't see how you can have six other managers on your board – you're going to have six other guys telling you how to run your business.' Well, there is a tendency for them to expect me to run this organization the way they'd run theirs. I don't think that's all bad. When you mix that with the balance of the outside (non-manager) directors, I think having managers on your board is a benefit. For example, when we decided to go to low-sulfur coal, managers of the G&Ts brought experiences and opinions that were very helpful. And when you negotiate with contractors, it helps to have input from and support of the managers on the board."

John Davis offers a specific example. The G&Ts build the primary facilities, but they cannot build any primary facilities without approval of the Associated board. Even the REA demands that before it lends any money to build primary facilities, the Associated board must pass a resolution supporting it. If the facility is to be built by a single G&T, the Associated board would have to set up a plan to apportion operation and maintenance costs. Each G&T performs the maintenance in its area, but Associated audits those costs every year to determine which costs go into the primary facilities base. "Now, those are real checks and balances," Davis contends. "You can't just decide one day you're going to build a line."

None of the six G&T managers may serve as an officer of the board. Neither may any employee of member systems, nor any employee of members of member systems. "What that really means," says Davis, "is that 'director directors' – the true farmer grass-roots directors – are the only ones who can be officers." He thinks the bylaws were written this way because Fay Martz or one of the other powerhouses, or even all of them, wanted to bar one or two of their fellow managers from the leadership role.

In 1995 only four of the 12 directors were eligible to serve as president of the board. It is conceivable that the board some day might have to deal with the problem of



Curt Funston, 1988

There are a hundred stories of high jinks and high dudgeon in the Associated boardroom.

Curt Funston describes a tilt with Central's Truman Green as "the biggest fracas they ever had down there."

not one of the 12 being eligible.

There are a hundred stories of high jinks and high dudgeon in the Associated boardroom. One will have to suffice here. It is told by NW's Curt Funston, who describes this tilt with Central's Truman Green as "the biggest fracas they ever had down there."

Funston begins, "Now, at the beginning you must remember what Fay said about Truman – 'He'd eat your lunch if you didn't watch him.'" Funston had just succeeded the seriously ill Martz and was attending one of his first board meetings. "It had dragged on, everybody was tired, and Truman announced he had something to bring up. He whipped out a piece of paper and threw it on the table. What he wanted to bring up was his arithmetic on how NW had been screwing Associated and all its members by getting too many primary and secondary credits on its contracts. Here am I the new kid on the block and totally unprepared for this onslaught. I leaned over to John Buck, then president of the board, and said I couldn't answer that issue then and there. Buck, who also was from NW, said, 'OK, we'll have our day in court next month.'"

Funston called Gene Andereck who was NW's counsel then. Martz was quite ill but joined Funston and Andereck the next morning. Andereck said, "A contract is a contract is a contract, and the numbers are all there." The numbers were those resulting from the formula Neil Adams had proposed and all the managers had accepted early on when REA insisted that credits be given Northeast and be divided fairly. "The numbers are all there and iron clad!" Andereck emphasized. The three strategists decided to write a brief. They sent advance copies to Central, and Funston went to the next meeting with an armload of copies for the rest of the board. Somehow, Truman had not seen his copy until the meeting. John Buck came to the end of the printed agenda and asked whether there was any more business.

"Yes," Funston stood up. "I say we were summarily

A contract is a contract is a contract, and the numbers are all there.

attacked a month ago by Director Green here with respect to these credits, and I want to speak to that issue.” Buck excused himself on grounds of conflict of interest and gave the gavel to Vice President Everett Priggel. Funston continued, “So then I reared back and let him have it. What I haven’t told you is that this brief was bound in bright yellow paper. It was pretty damned scurrilous and we really took Truman apart. And you have to understand that when Truman gets vocal he starts pounding the table, and what he had said while pounding the table the previous month was ‘I want to know what NW is going to do about this.’ So we addressed that specifically in the brief and told him that if he didn’t back off we were going to sue his fanny off. I was the new kid, and he was trying to intimidate me. Now, having said all this, I must also say Truman has a keen mind. I respect the guy tremendously. I even like him most of the time.”

What was Green up to? “We really never found out. Possibly just trying to get us to give up something voluntarily.” What was the division of goodies? Was NW getting more than its share? “That depends on who you talk to. I’ve already told you Fay was a helluva negotiator.” A sly smile crossed Funston’s face as he said, “To be totally objective – totally objective – I would say ‘perhaps.’”

A League of Their Own

Associated always had a few G&T managers who would have liked to be their own lobbyists. Gerry Diddle makes that point but says, “We decided some time ago that in Missouri we work as a team, that we have only one voice in the legislature or in Congress. That’s what Frank Stork’s organization was set up for. No need for us to do the lobbying. We just provide the technical backup.”

Stork’s group, the Association of Missouri Electric Cooperatives (AMEC), was created in 1937 with headquarters in Jefferson City. Before Stork’s arrival, there were a few crossed wires between



Demonstrating the grass-roots support for rural electrification, cooperative leaders call on Rep. Mel Hancock, left. Each year, AMEC leads a delegation of Missouri cooperative managers and board members to visit congressional representatives in Washington, D.C., during the annual Legislative Conference sponsored by the National Rural Electric Cooperative Association (NRECA). Meeting with Hancock are, from left, Don Clark and Carl Lowrance of Laclede Electric and James Roberts of Southwest Electric.

Associated and AMEC. Stork, who had worked for rural electric cooperatives in South Dakota, Alabama and Colorado, was chosen in 1972 to be the new executive vice president and chief operating officer. Then it took a while for Stork and Diddle and, now, Jura to work out the relationships that require Associated and AMEC each to play in its own league. Associated limits its activities to power supply. The AMEC role has three parts. One is to represent the distribution cooperatives, G&Ts and Associated in both the state and national capitals. Another is to provide technical and management training. The third is to publish useful materials, including the statewide cooperative newspaper "Rural Missouri" with circulation of some 400,000; that number could be nearly 500,000 if all the member cooperatives subscribed.

According to Stork, when Jim Jura took the reins of Associated in 1991 "he quickly saw that Associated and this association serve exactly the same people, all the rural consumers of the state." Jura made it one of his priorities to build on the relationships developed by his predecessor, Diddle, with Stork. "One of our strengths," Jura says, "is the credibility we have in the state legislature, and a lot of the credit for that goes to Frank Stork and his staff."

Jura says there were still some tensions between Associated and Statewide when he arrived, and: "In truth, we do overlap now and then, and I suppose that always will be the case, but by and large I have no problems with Statewide and I appreciate all the help we get from them."

Diddle remembers a time when the G&Ts "weren't very welcome at Statewide" – as AMEC is called. The reverse was also true. Stork says his predecessor wasn't even allowed in the Associated boardroom. "Personalities ruled, not formal rules," Stork

"We decided some time ago that in Missouri we work as a team, that we have only one voice in the legislature or in Congress."

Gerry Diddle

says about the very early days. "When Gerry came in, we visited about that. He said, 'We've got enough to do, but if you need some help, let me know.' After that, I was welcome down there and I always put Gerry on my programs up here. Even then, we were held together more by personalities than by rules. So Gerry and I decided to go to our boards with the idea of a study that would lead to formal relations." AECE and AMEC hired a consultant who produced a "Strategic Staffing Study" in 1989 that clearly spelled out the role of each.

When Associated was formed, Diddle says, disunity among the G&Ts and the distribution cooperatives was a major problem.

"Some managers looked on their G&T operations as superior to the distribution co-ops – big dog, little dog. I had some trouble working on unity. Some of the G&T managers didn't want me talking at distribution co-op meetings. They wanted to do it – 'Just tell me what you want them to know and I'll do the telling. Keep your hands off.' It took some time to make everybody realize we all had one job to do for the members out on the end of the line, the people who own us."

Stork reports it is getting tougher and tougher to represent the cooperatives, because "the numbers aren't there anymore." The House of Representatives in Missouri in 1995 was about 80 percent from city and urban districts, politically obligated to represent those interests.

"You've got to form alliances to be effective," Stork philosophizes. Consequently, rural leaders established the Rural Missouri Essential Services Association with Stork as executive vice president. It is the first of its kind in the nation, linking rural electrification interests with rural water, rural sewer, rural fire protection and rural ambulance interests.

Stork says this organization is closely allied with the corn and soybean growers but has its own board of directors. It takes a unified position on rural issues. Stork adds: "Labor usually is in tune with the grass roots of the state. The IBEW (International Brotherhood of Electrical Workers) has great leadership. We have a strong tie there. Some business organizations used to be less than friendly and would fight us, but that's pretty much calmed down. Legislatively, the IOUs are good partners after the years and years of hard work that went into deciding who serves whom and getting out of the courts.

"We have a lot of common interests and came to the conclusion that we need to work together," Stork said.

The high point in cooperation between private power and the cooperatives, in Stork's view, may have come with passage in 1989 of House Bill 813. It allows local private power managers and local cooperative managers to adjust service territory boundaries, in effect trading customers when it can be shown to the satisfaction of the Missouri Public Service Commission that doing so is in the public interest. The state's antitrust laws had prevented such deals, and it took legislation to make the boundary adjustments legal.

"Public interest, that was the key concept," says Stork, "not the co-op interest, not the IOU interest, not the municipal's interest, but the public interest."

The underlying problem was duplication of lines in some areas that had been both fish and fowl. Rural electric cooperatives as defined in Chapter 394 of the Missouri Statutes can serve in rural areas which are defined simply as outside of cities and municipalities that have population of 1,500 or more. But

The AMEC role is to represent the distribution cooperatives, G&Ts and Associated in both the state and national capitals, provide technical and management training and publish useful materials.

in that same rural territory the Public Service Commission years earlier had given blanket service certificates to the power companies. The worst kind of duplication of service resulted as some of those areas became more heavily populated, juicy new loads developed and the IOUs started building lines where before there had been only cooperative lines. In many cases, the territorial dispute involved just public bodies – municipalities and cooperatives. Lawsuit after lawsuit did not resolve the problem.

Then there was the matter of safety. Some of the lines crisscrossed each other. As Stork explained, "Let's say you have some storm damage and your own crew goes out to de-energize a feeder line from a substation. You have so many lines crisscrossing that there always is the possibility that one of the other guy's lines may have fallen into yours. No-body knows about it, it's dark out there, stormy weather, dangerous enough without the potential added danger of an energized line falling into a de-energized line. It could be very dangerous."

Don McQuitty, the former Missouri state legislator who serves as Statewide's director of government relations, shepherded the bill through the real legislature much as he once had guided a bill to end line duplication through a mock legislature sponsored by the Junior Chamber of Commerce. That had been in 1974 when he was a young lineman for Macon Electric Cooperative. He recalls failed attempts in the late '70s and all through the '80s by the cooperatives who wanted legislation that would allow whichever utility closest to the customer to serve. But the cooperatives were then pretty much alone; both the other segments of the utility industry in Missouri, the IOUs and the municipalities, opposed those bills.

The event that did more than anything else to win eventual passage of H.B. 813 involved two utilities in the public sector – the city of Columbia and Boone Electric Cooperative. They had had more than one territorial dispute; the city had even tried without success to annex some cooperative territory. One day they said to each other, in effect, “We could probably work this out except for that doggone antitrust law.” They called their local senator and representatives seeking legislation that would allow them, in just that isolated case, to make a deal. The specific legislation passed in 1988 and paved the way for H.B. 813 a year later.

On Oct. 9, 1989, not long after passage, the first 813 agreement was reached. It happened to involve two public power disputants, Farmers’ Electric Cooperative and Chillicothe Municipal Utility. By 1995, a dozen 813 agreements had been recorded, all approved by the Public Service Commission. The PSC looks them over carefully. Each agreement may be different, depending on local situations. In the opinion of Stork and McQuitty, the Missouri law works better than those in most other states where comprehensive statewide standards govern settlement of territorial disputes.

McQuitty ranks Senate Bill 813 as far and away Statewide’s biggest legislative victory but adds these to his short list of big wins:

The Flip-Flop Law – For 10 years or longer, Missouri had a so-called flip-flop law that allowed a utility that had made the investment to serve a cooperative member to continue serving that member – even though the customer might have become dissatisfied and wished to apply for service from a competing utility. In 1990, the law came under court challenge over a large load. The court ruled that the law applied to the person and not the structure. There were areas where the IOUs had significantly better rates, and they started to pick off customers. “We thought we had settled some of the worst problems with S.B. 813,” McQuitty explained, “but here came a new prob-



Don McQuitty

**McQuitty ranks S.B. 813
as far and away
Statewide’s biggest
legislative victory.**

lem for some of our co-ops losing members.” After a year of intensive negotiations in which the point was stressed how bad it could become if we all started playing the game of picking off the best customers, Statewide came to agreement with the IOUs to stop flip-flopping. But the municipals, which had not been covered by the old flip-flop law, would not agree. Statewide set out to gain passage of a new law that would include the municipals, and when S.B. 221 became law in 1991, flip-flopping ceased to be a problem. The legislation made special provisions for the city of Springfield to serve outside its boundaries and wrote a new cost formula for one utility to acquire electric properties another utility does not want to sell.

Condemnation Law – Statewide and the IOUs joined forces to gain passage of a bill, S.B. 709, signed into law in 1994, that prevents one utility from condemning another and then using it for the same purpose. A situation arose in Missouri where an investor-owned water company wanted to sell four companies it owned in four different cities, one of them in Mexico. Unable to agree on price, the city of Mexico filed a condemnation suit. McQuitty said this sent up warning flags. “If that could happen, then rural electric cooperatives and other utilities could be condemned.” As the city of Mexico case became encumbered with related issues and worked its way through the courts, Statewide and the IOUs worked fast to win passage of S.B. 709. “Once again it appears that the environment for the rural electrics and the other utilities of the state is back to being somewhat peaceful,” McQuitty observed. “It all sounds very controversial, but we’ve really gotten along quite well the past five or six years.”

Accident Liability – In Missouri and other states, there is a history of high settlements in lawsuits involving anyone hurt in a power-pole accident. Statewide and others got behind the Overhead Power Line Safety Act of 1991. It required that any contractor or other person working within 10 feet of an overhead line in excess of 600 volts must give 24 hours’ notice to allow the utility to take safety measures. The utilities of Missouri no longer can be

sued for such accidents unless this advance notice is given.

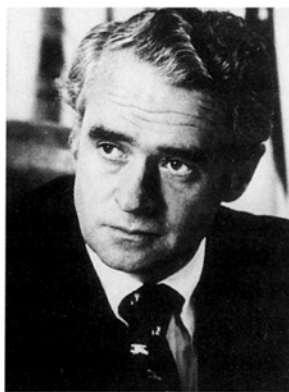
Clean Air Compliance – The 1990 Clean Air Act Amendments allowed individual states to take over administration of the act. In Missouri, the cooperatives preferred to work with state authorities and pushed Clean Air Act compliance legislation that became law in 1992. McQuitty says, “We have a good law now that puts Missouri in compliance with the Clean Air Act.”

The role Stork played in gaining the support of Sens. Symington and Eagleton to bring about a non-legal solution to the SWPA-credits lawsuit should not be overlooked. Within the Associated board, there was not a lot of support for seeking congressional action; the board was more committed to the legal approach. Nevertheless, Stork was authorized to approach Symington, who was sympathetic to the cooperatives’ position. But he said to Stork, in effect, “Tom Eagleton is your man.” Eagleton was on the Appropriations Committee and in a strong position to coattail a helpful amendment onto some important appropriations measure.

“After initial talks with Sen. Eagleton and his staff,” Stork recalls, “it soon became clear that this was one of those things where a Missouri senator wasn’t going to act until he had the support, or at least the tacit support, of senators from the other states affected. The blessing of the other senators in the six-state SWPA area became critical.”

Stork arranged a meeting – not with the other senators, but with cooperative leaders and lawyers from the other states. He would be asking for their support, knowing it would carry a lot of weight with their senators. And he would be asking them to let their senators know their position. They also would be asked to ask their senators to assure Eagleton of support or, at least, no opposition to the proposed amendment.

The meeting was at a resort on the Bull Shoals reservoir. It was not a short meeting. There was a lot of table-pound-



Missouri State Archives

Sen. Tom Eagleton

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Frank Stork

ing and “refreshments” were served far into the night. “About 2 a.m.,” Stork recalls, “only three persons were left in the room – me, Sho-Me’s John Davis and an attorney from Oklahoma who was the last person we had to convince. We finally agreed and all went to bed.”

Stork arose early the next morning because he wanted to call Washington to “let everybody know we had this agreement.” But first he checked with John Davis. “We got an agreement, didn’t we?”

“Yes, we did.”

“We better wake up that attorney and make sure he remembers everything the way we do.” Again, affirmative.

Stork went to a pay phone to make the call “before anybody could back out.” It didn’t take long after that before the Eagleton Amendment was law, forcing the parties to the bargaining table as reported in Chapter 3.

There was a side benefit. “At the meeting, we quickly learned that the co-op people from all these states didn’t know one another all that well. So we decided to schedule a yearly event where we all get together. You’d be surprised how much trouble that enables us to avoid.”

Stork leaves no doubt that in his mind Associated has eased the job of protecting cooperative rights in the legislature. “I see it from the perspective of the legislature and the governor,” he says. “Associated and the other power suppliers in the region built this integrated system and tied it with everyone, and it became recognized as a very efficient way of doing business. That has affected decisions related to our part of the industry. We can go to the legislature and show them the cooperatives have all come together through Associated and developed a reliable and efficient system. It’s a story worth telling. It has impact. It creates a lot of trust and confidence. It shows we’re together as a family, and that’s where we get our legislative strength.”



Associated negotiates with REA the largest loan guarantee — \$1.4 billion — in the history of the rural electrification program to finance Thomas Hill Unit 3, Black Fox and Associated's mining operation. Gathered in Washington, D.C., for the signing Jan. 24, 1979, are, seated from left, General Manager Gerry Diddle, Board Member O.B. Clark, REA Administrator Robert Feragen, Associated President Rudie Slaughter and Board Member R.D. Pennewell. Standing, from left, are Reps. Richard Gephardt and Richard Ichord, Sens. John Danforth and Tom Eagleton and Reps. Ike Skelton and Harold Volkmer.

The Bottom Line

At the bottom line, Associated is at the top – or very nearly so.

It sells power today at wholesale rates lower than those of TVA or BPA or many other of the historical public power pace setters. In 1995, only two other suppliers of bulk power to member cooperatives could beat Associated's rate of 26.97 mills (2.7 cents) per kilowatt-hour. Associated cut its rates Jan. 1, 1995, by an average of 17 percent to a level lower than any since 1981. Member rates were expected to remain at the new level until the year 2002 and not to reach 1994 levels again before



Controller Howard Gomer, left, and Wes Ohrenberg, director of Accounting and Finance, review materials presented to the bond rating agencies in 1996. Associated's top ratings will help it access markets and obtain competitive interest rates. "Very few electrical utilities in the country have a double A rating," Ohrenberg says. "That's something to be pretty proud of."

2009. And in 1995, for the third consecutive year, Associated was able to give refund checks – return of patronage capital – to its member systems.

All this good rates news didn't just happen. For starters, there were the cheap REA financing and the cheap federal hydropower. There were the hard-nosed dealings of Gerry Diddle with the coal suppliers and Ed Jehle with the money suppliers. There were the win-win transactions of Neil Adams to involve IOUs in Associated generating projects and Jim McNabb to involve them in money-saving transmission deals. There was a philosophy of lean organization that never let total AECI employment exceed 1,119. (With the mine closure, 1995 total employment stood at 724, of whom some 100 were miners in the process of working themselves out of a job, staying on until mine reclamation work was completed.) There were the G&Ts looking over one another's shoulders to make sure nobody short-changed anybody else. There were capable lawyers winning court battles, and there was the legislative arm, AMEC, protecting the cooperatives from undue financial and other burdens.

It wasn't always such a pretty financial picture. Associated's initial rate, averaging 7.48 mills per kilowatt-hour, did not result from a cost-of-service study or any other rational approach. Associated simply adopted the SWPA rate of 5.4 mills for capacity and energy and added roughly 2 mills for administrative and operating markups. The early rates didn't always allow the bills to be paid on time. Associated had a unique way of dealing with that problem. Not being subject to Public Service Commission rate-making procedures, AECI stuck with the original low rates but then – at the end of each month if more money was needed – simply tacked onto members' bills a surcharge called,

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Bob Stagner

appropriately, "the adder." NW's Curt Funston remembers that in some months it was as high as 25 percent, which "made us swallow pretty hard." The "adder" kept the books balanced until more sophisticated rate-making tools put some order to that chaos.

Restructuring Associated's rates has been difficult, in Jim Jura's words, because elements driving the rates just seemed to evolve. "Utilities today," Jura says, "need cost-based rates. Rates here were flat for too long. The rates were decided by the board – that's all. We changed all that last year (1994). We also changed the way we bill. The changes have been accepted by the G&Ts and the distribution co-ops. We had three or four variations before we developed a rate schedule that got acceptance. We combined it with the rate decrease. Nobody got an increase, everybody got some reduction.

As I told the board, 'The stars were lined up right; we'll never have another chance like this.' We had never been regulated by the state. But the new energy act placed us under jurisdiction of the Federal Energy Regulatory Commission (FERC), and I told the board, 'If we don't do this now, if we aren't willing to discipline ourselves, if we don't have rates that will stand any test, someone else will come in and do it for us.' Now, if someone were to challenge us, I would feel very comfortable."

Bob Stagner remembers how Associated paid its bills in the old days. "We would write checks and stack them upside down on a desk, and when we had enough money to pay the bottom one we would take it from the pile and put it in the mail. We had no net equity, no cash in the bank. All we had was a good organization that we worked very hard to abuse."

Yet many small nations didn't have a credit rating as good as Associated. The super G&T has been loaned more money by REA than any other REA borrower. Once an REA administrator signed a commitment to lend Associated \$1.4 billion, no questions asked. It was the largest single loan commitment in REA history. O.B. Clark, president of the board of directors since 1981, treasures a photograph of himself and Rudie Slaughter, board president at the time, at the signing ceremony along with former U.S. Sens. Tom Eagleton and John Danforth and Congressman Dick Gephardt, among others. Slaughter still has a photocopy of the letter of commitment. Clark and the others guiding Associated are happy they did not have to use all that money. But they did use a lot of REA money.

Nearly all of Associated's early financing came from REA. Altogether Associated used \$793 million of REA financing. By 1995, it had paid back \$146 million to REA. Associated had borrowed \$278 million from other sources and paid back \$69 million of that, leaving it with all-sources net indebtedness totaling \$856 million as of Dec. 31, 1994. Along the way, Associated acquired facilities valued at \$1.4 billion by mid-1995 and had returned \$13.6 million to its member-owners.

O.B. Clark says Associated has become such a strong utility he is not sure it will ever again qualify for government money. He thinks any available REA money in the future will go to those who cannot go to the private market and get reasonable or favorable rates. Consequently, Associated is preparing itself for the day when the government may just say "no."

"For more than five years before Gerry Diddle retired, we've worked with bond rating agencies to establish credit in advance. Standard and Poor's has

what is called a 'shadow rating' and last year rated us 'strong A.' Few utilities have better than that."

O.B. looks back on 2 percent REA money with mixed feelings.

**"I am willing to give up
subsidies if other
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utilities will do likewise.
The playing field must
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O.B. Clark

"I feel this way about government subsidies for rural power: I think it was justified, maybe not so much in this state, but if you go out to Wyoming or Nevada and those other sparsely populated states, there are ranchers producing food and fiber for the nation ... wheat, barley, beef. The co-ops out there may have only one farmer or rancher per mile of line, or even fewer. I think the federal government can justify a subsidy to keep this nation fed at the lowest possible cost. I do not know another nation that feeds itself on 15 or 16 percent of its disposable income, but we do, and we do a good job of it. Now, I think in the case of a true cooperative serving a reasonably dense area, we should not look to the future forever for government subsidies. Our nation is not the same as it used to be — 4 trillion dollars in debt as a nation strikes me as close to broke. So while I know my position is not always popular on this subject, and while I will use the subsidy as long as it is available, I think subsidies for healthy cooperatives have to be evaporating. I am willing to give up subsidies if other competitive electric utilities will do likewise. The playing field must remain fair and level."

Until 1973, Associated was able to finance its projects with 2 percent REA money. By the time New Madrid Unit 2 came along, Associated paid a mix of 30 percent REA-2-percent money, 60 percent FFB-guaranteed money at 8.1 percent and the other 10 percent CFC money at 7 percent. Then came a blend of FFB-guaranteed and CFC-guaranteed pollution bonds at whatever the market rate happened to be — as high as 16 percent — before settling back to

7 percent in 1988. "And now the 5 percent money is gone except for some emergency cases," Clark says. "What we have is a rate very close to the municipal tax-exempt rate. Distribution co-op loans will come from REA, as will transmission co-op loans, but as for Associated in the future, because we are healthy and basically strong, I think the day for us to rely on REA is over. So we will have to go to the Federal Financing Bank or Wall Street or wherever we can get the money."

Cooperatives had to build equity over time. They were started by borrowing 100 percent of the funds necessary to build the lines and other facilities. "You might say," Diddle observed, "the government was very liberal. But these guys had to sign agreements for what the government called 'area coverage.' You swore, 'I will serve everybody in my area without any contribution from them. I will serve them all on the same rate scale.' So the government got what it wanted — electrified farms. That provided a market for cable and poles and transformers. So the economy of the whole country got a tremendous boost. That's why the government was willing to make 100 percent loans. The \$5-membership fee was just that, a membership fee. It didn't provide a lot of capital, but ..."

Diddle recalls, as Art Doyle did, that the IOUs hoped to use the REA money to serve the far-apart farm customers but differs with Doyle's conclusion that the government shut the door in the face of the IOUs. Diddle says the government didn't start encouraging formation of cooperatives until a year went by after passage of the 1936 act and the private utilities were still declining to serve on grounds that it was not financially feasible.

Diddle describes the cooperatives as unique ownerships. Unlike municipals, which are "owned" by con-

"We can't sacrifice the political muscle we now have. We have political muscle because each of the directors on the many boards is elected."

Dean Sanger

sumers who have no vested interest, cooperatives are customer-owned businesses. "The test of ownership," Diddle says, "is this: If you sell the business, who gets the money, who gets the assets? In a co-op, it goes right back to the member-owners."

In the mid-'90s, competition had begun to drive the electric utility business. "To survive," suggests retired KAMO manager Dean Sanger, now a consultant, "the distribution co-ops are going to have to be very competitive. We see retail wheeling (delivering other people's power over one's own lines) in our future. We already have transmission access. All of these forces will require that cooperatives be more competitive to keep their share of the power business in Missouri.

"We have to ask ourselves a question: What is the best organizational structure to provide power and still maintain the local control we have in cooperatives? I happen to think there is room for a lot of mergers among the distribution co-ops and in the transmission area. But we can't sacrifice the political muscle we now have. We have political muscle because each of the directors on the many boards is elected. When you walk into a congressman's or a governor's office as a manager, it doesn't mean much, but those directors you bring with you are political forces. You can't give all that up with a giant merger into one big Associated. But there can be a lot of mergers at the distribution level and the transmission level. There has to be a middle ground."

Sanger thinks that time is running short. "The thinking process is at about the same stage as Associated's 35 years ago. It's the new hot topic whenever you get a group of rural electric co-op leaders together and they get down to strategic issues. The issue of consolidations and mergers

Y'know, O.B., we've got a pretty good organization here — if we don't screw it up.

keeps coming up, but nobody seems to want to take the first step. The cooperatives bring such strength to the utility business, but it's changing and so must we. We're going to have to get that out on the table."

As for Associated itself, Sho-Me's John Davis had this concluding thought: "Associated gave us the muscle to deal with the IOUs. It gave us borrowing power within REA. It gave us the strength we needed to be really financially secure. We may not be the biggest, but we're the strongest. Our transmission system is the envy of the utility industry. We have strong and now-considered low-cost generation. We have a good fuel supply for all five units, now to be fired by low-sulfur western coal at a very good price. We're going into the year 2000, maybe 2010, without need to build another generating unit and without any increase in rates."

Jim Jura had a concluding thought of his own. It was something he said to O.B. Clark when Jura, as the new general manager, had been on the job long enough to form an opinion: "Y'know, O.B., we've got a pretty good organization here — if we don't screw it up."

ACKNOWLEDGEMENTS

Like the labels on some garments say, this book is “all new material” – or virtually so. Very little of it has appeared in print elsewhere. It is based almost entirely on interviews tape-recorded during the summer and fall of 1994 with more than 30 Associated Electric Cooperative Inc. officials, past and present, and other persons close to the AECI scene. Annual reports, contracts, official AECI documents, legislative and court records and the like are relied upon only to the minimum extent necessary to ensure accuracy of the limited amount of financial and other statistical data contained herein. There is no bibliography. Mostly it is a story about real people told by real people.

And it is a story recorded just in time. Happily, Associated was still young enough in 1995 for many of those who go back to the beginning to still be living – some of them still active employees. They tell some remarkable truths, in remarkable detail, with remarkable good humor. In fact, never in a long lifetime of writing endeavors has this author encountered a group of storytellers so informed and forthright and collectively possessing such good humor. They cheerfully shared their recollections and held nothing back in the way of dirty linen and opinions. They even agreed to have their words preserved on tapes which are stored at AECI Headquarters in Springfield, Mo.

Choosing which contributors to acknowledge individually from among the many deserving mention is always difficult for an author. Some, however, clearly deserve special mention – starting logically as well as alphabetically with **Neil Adams**, Associated’s first general manager. He came to Associated from the post of marketing chief for Southwestern Power Administration, where he served as the principal agent in carrying out SWPA Administrator Doug Wright’s endless efforts to provide the federal hydropower underpinning for Associated. No one else could have reconstructed conversations like Adams or provided comparable insights and behind-the-scenes stories of those early days.

Another extraordinary contributor was **Gene Andereck**, counsel to AECI from the day of incorporation. He devoted a legal lifetime to the Missouri cooperative movement and was able to make the author understand how so many complicated negotiations going on virtually simultaneously could have reached a coherent climax.

Charlie Boulson and **Truman Green**, the only living members among the 15 original incorporators, described the frictions and frustrations of six powerful G&T managers each giving up big chunks of autonomy for the common good – and the arm-wrestling that nearly put an end to Associated before it developed some muscles of its own.



Neil Adams, 1996



Gene Andereck, 1990



Charlie Boulson, 1994



Truman Green, 1990s



O.B. Clark, 1990



Gerry Diddle, 1990

The rancher **O.B. Clark**, who in 1995 completed his 14th year as president of the board of directors, was especially helpful in explaining the evolution of the board from dominance by a handful of forceful personalities to decision by “collective wisdom.”

Gerry Diddle, general manager for 18 years prior to 1991, and **Jim McNabb**, director of engineering and operations since Associated commenced business in 1962, together led the author through the maze of transmission decisions and other transactions that produced “win-win” benefits for participants on both the public and private power sides of the street. **Art Doyle**, retired chief executive officer, Kansas City Power & Light Co., provided the investor-owned-utility view of Associated and related events that spanned 40 years of steadily increasing cooperation.

Frank Stork, chief of the statewide Association of Missouri Electric Cooperatives, brought the perspective of the legislative arm of the cooperatives to his recollections. He carefully delineated the logic and the nature of the services provided by his statewide organization compared with the power supply role of that other statewide organization called Associated.

The author’s wife, Jean, a professional writer in her own right, critiqued and edited the first draft, while Gus Norwood, an old friend and author of several books on public power, contributed valuable background information.

Finally, the author would be remiss to conclude these special thanks without a large bouquet to **Angie Vire**. As administrative assistant to the general manager of Associated, she is the front office manager who makes life easier for Jim Jura and all who step inside that executive office. She arranged all the appointments and travel for this author, kept track of all the drafts out for review, wisely offered words of encouragement or caution as the situation warranted and helped smooth a few ruffled feathers that inevitably occur when an outsider asks all the dumb questions necessary to produce a book such as this.

Russ Holt
1995 A.D.



Jim McNabb, 1990



Frank Stork, 1996



Angie Vire, 1990

APPENDIXES

Appendix A ASSOCIATED BOARD MEMBERS

Name	G&T	Term
M.W. (Mike) Boudreaux*	Northeast	1961 - 1979
C.E. (Charlie) Boulson	Sho-Me	1961 - 1974
John E. Buck*	NW	1961 - 1977
Truman Green	Central	1961 - 1977
F.A. (Fay) Martz*	NW	1961 - 1971
James W. Owens Jr.*	M&A	1961 - 1966
R.D. Pennewell*	Northeast	1961 - 1982
Elon (Judge) Proffer*	M&A	1961 - 1966
Luther A. Riddle*	Sho-Me	1961 - 1987
Albert W. Schindler*	Central	1961 - 1966
Eugene Smith*	KAMO	1962 - 1971
Rex Dewey*	KAMO	1962 - 1977
E.A. Priggel*	M&A	1966 - 1973
Ray D. Buresh	Central	1966 - 1969
Bruce Ellis*	M&A	1966 - 1968
R.W. (Rudie) Slaughter	M&A	1968 - 1969 1973 - 1990
George W. Ray	Central	1969 - 1974
Robert E. Stagner	M&A	1969 -
J.H. (Tom) Humbert*	KAMO	1971 - 1975
Curt Funston	NW	1971 - 1981 1988 - 1989
O.B. Clark	Central	1974 -

Name	G&T	Term
John K. Davis	Sho-Me	1975 -
Roy Matthews*	KAMO	1975 - 1990
Harold F. Gray	NW	1977 - 1978
B. Dean Sanger	KAMO	1977 - 1994
Carl M. Herren	Central	1977 - 1990
Richard Foster	NW	1978 - 1988
Ralph E. Shaw	Northeast	1979 -
Charles C. Martin	NW	1981 - 1990
Maurice L. Happel	Northeast	1982 -
Larry D. Frazier	Sho-Me	1987 - 1994
Richard L. Arnold	NW	1989 -
James K. Steele	NW	1990 -
W. Arthur Carrier	KAMO	1990 -
Bill Haake	Central	1990 - 1990
James W. Abernathy	M&A	1990 -
Julian Brix	Central	1990 - 1992
Donald W. Shaw	Central	1992 -
Gary Voigt	KAMO	1994 - 1996
Jerry W. Divin	Sho-Me	1994 -
L. Doug White	KAMO	1996 -

*deceased

Appendix B

ASSOCIATED BASIC CONTRACTS

Many who are familiar with the history and success of Associated refer to two sets of documents as being its constitution. These documents are the glue that hold together all the interests that make up the rural electric cooperative (REC) organization across Missouri's large geographic, economically diverse area.

The first of these two documents consists of the articles of incorporation and bylaws that create a representative form of management, originating with grass-roots membership at the distribution cooperative level.

The second component of Associated's "constitution" includes six "Electric Power Coordination Agreements," a part of three primary contractual arrangements for power supply and transmission.

Despite the vagaries of Missouri statutory cooperative law, the RECs by 1961 had created six generation and transmission (G&Ts) super-cooperatives and the super G&T – Associated.

The cooperative structure they formed permitted representation by the membership. Grass-roots ratepayers elect from among their membership representatives to the distribution cooperative's board of directors; that board of directors in turn elects from among its membership representatives to the G&T's board of directors; and that board of directors in turn elects from among its membership representatives to Associated's board of directors. At each cooperative level the elected directors must report to their membership at annual meetings each year. Directors are up for election every three years.

The "Electric Power Coordination Agreements" are, with but minor exceptions, identical and were executed April 23, 1962, by their respective officers:

John E. Buck, president, R.D. Pennewell, secretary, Associated; Luther A. Riddle, president, Hugh E. Bennett, secretary, Sho-Me; R.D. Pennewell, president, James W. Melvin, secretary, Northeast; John E. Buck, president, Gerald L. Boedeker, secretary, NW; Elon Proffer, president, Roy Creek, secretary, M&A; J.G. Williams, president, W.B. Garriss, secretary, KAMO; and Steve A. Schauwecker, president, George W. Ray, secretary, Central.

The purpose and sense of the agreements are carefully summarized in identical recitals in each coordination agreement, i.e.:

"WHEREAS, the corporate membership of Associated consists of the following corporations (hereinafter called the "Federated Cooperatives"): Central Electric Power Cooperative, Jefferson City, Missouri; KAMO Electric Cooperative, Inc., Vinita, Oklahoma; M&A Electric Power Cooperative, Poplar Bluff, Missouri; Northeast Missouri Electric Power Cooperative, Palmyra, Missouri; Sho-Me Power Corporation, Marshfield, Missouri; and NW Electric Power Cooperative, Cameron, Missouri.

"WHEREAS, the primary purpose of each Federated Cooperative is to furnish adequate supplies of electric power and energy to the load centers of its member or affiliated cooperatives on a cooperative, non-profit basis at the lowest feasible cost, and to this end:

(a) each Federated Cooperative has constructed electric transmission facilities, and certain of the Federated Cooperatives have also constructed electric generating facilities, with funds borrowed, pursuant to the Rural Electrification Act of 1936, as amended, from United States of America, acting through the Administrator of the Rural Electrification Administration (hereinafter called "REA"); and

(b) previously the Federated Cooperatives have separately entered into agreements (hereinafter called "Outstanding SPA Agreements") with United States of America, acting through the Administrator of

Southwestern Power Administration (hereinafter called "SPA"), a bureau of the Department of Interior, for the purchase, or exchange, of power and energy and for the integration of transmission capacity, subject to the provisions of Section 5 of the Flood Control Act of 1944;

"WHEREAS, Associated has been organized to further the primary objective of the Federated Cooperatives through the coordination and use, for the benefit of all the Federated Cooperatives, of the electric power and energy and the transmission capacity available from their respective facilities, and any facilities constructed by Associated, in conjunction with the electric power and energy and the transmission capacity available from SPA and the following electric power companies (hereinafter collectively called the "Companies"): Kansas City Power & Light Co., Kansas City, Missouri; Missouri Public Service Company, Raytown, Missouri; and The Empire District Electric Co., Joplin, Missouri;

"WHEREAS, under the said Flood Control Act, Associated and the Federated Cooperatives are entitled to a preference in the sale of power and energy by SPA;

"WHEREAS, Associated, in pursuance of the common objective of the Federated Cooperatives, has concurrently and in conjunction herewith entered into:

(a) a contract with SPA (hereinafter called the "SPA-Associated Contract"), dated March 28, 1962, to purchase from SPA certain amounts of electric power and energy and to furnish SPA transmission service, reserve generating capacity and thermal energy; and

(b) a contract with the Companies (hereinafter called the "Associated-Companies Contract"), dated March 28, 1962, for the exchange of power and energy and the interconnection of transmission facilities;

"WHEREAS, the Federated Cooperatives have entered into an agreement with SPA, dated March 28, 1962, suspend-

ing the operation of the Outstanding SPA Agreements during the remainder of their respective terms so long as this SPA-Associated Contract remains in effect;

"WHEREAS, SPA and the Companies have concurrently and in conjunction herewith entered into a contract (hereinafter referred to as the "SPA-Companies Contract"), dated March 28, 1962, for the purchase of the Companies from SPA of certain amounts of power and energy; and

"WHEREAS, Associated has entered into, or is about to enter into, agreements similar to this agreement with each of the other Federated Cooperatives;

"NOW, THEREFORE, in consideration of mutual undertakings herein contained, the parties hereto covenant and agree as follows: (Hereafter the terms and conditions of the contract for delivery of power by the G&T to AECI and the furnishing of power and energy by AECI to the G&T were set forth in the agreement.)."

Article VII in each coordination agreement dealing with "Charges and Credits" for primary and secondary facilities is a principal focus of Associated's board of directors when it sets rates each fall, as are the formulas for determining the "Demand Charge" and the "Energy Charge."

"Primary Facilities" are the particular G&T's defined 161-kV transmission and related facilities set forth in an attached exhibit. "Secondary Facilities" are certain described transmission and related facilities which do not constitute primary facilities.

At the outset, the G&T agreed on the allocation of certain cash allowances per month for each of the cooperatives, depending on what the G&Ts agreed the related secondary transmission facilities to be worth at the outset of the contract period. Credit adjustments are made each month on the G&T power bills for these contracted amounts.

The key objective of Associated Electric Cooperative Inc., stated in the coordination agreement, is to supply the member Federated Cooperatives electric power and energy at the lowest cost consistent with adequate service and efficient operation of the power sources and transmission systems available to it.

Associated Electric Cooperative Inc., within the policies, directives and instructions of the board of directors of Associated, (1) controls the operation of the electric power plants and high-voltage (161 kV) transmission facilities made available to it by certain member Federated Cooperatives; (2) performs the scheduling of electricity from the cooperative-owned power plants, the federal government's multipurpose reservoir projects, private companies' power systems and other sources; (3) develops long-range power-supply and high-voltage transmission plans to meet the increasing power-supply requirements of the member Federated Cooperatives; (4) negotiates and administers contractual arrangements required in meeting the objectives of Associated; (5) performs such administrative and financial functions as may be required in the operations of Associated; and (6) carries out a program which coordinates the activities of Associated with other electric utilities and federal agencies.

Associated began operations Aug. 1, 1962, and in September 1962 established a headquarters office in Springfield, Mo. It is through the three primary contractual arrangements for power supply and transmission that Associated's mission is carried out.

A brief description of these arrangements is as follows:

Associated - G&T Cooperative Contracts

There exist for all practical purposes identical contracts between Associated and each of the six member G&T cooperatives. Under these arrangements:

- (1) The member G&T cooperatives, except in a couple of

isolated instances, are sold their entire power-supply requirements. The cost of this power to the members is determined by Associated's actual expenses. Adjustments in rates are made periodically to balance out revenues against expenses.

- (2) The members (originally four) owning and operating power plants sell the entire output of these plants to Associated. The cost to Associated is the actual cost incurred by the cooperative to produce it. The amount purchased and the hour-by-hour schedules of the amount of electricity generated at each plant are determined by Associated.

- (3) The members owning and operating high-voltage (161-kV) transmission facilities make these facilities available to Associated for transmission of electricity from sources of supply to each of the member's subtransmission (69-kV) systems and for interchange with other interconnecting utility systems.

Associated pays the cooperatives their actual costs for owning and operating these facilities, including amortization of investment.

- (4) Administrative and operating procedures to be followed by Associated and the member cooperatives are set forth in the agreements.

Associated - Southwestern Power Administration (SWPA) Contract

In general this contractual arrangement provides for the sale by SWPA of hydroelectric power to Associated; the transmission of hydroelectric power over the cooperatives' transmission systems for delivery by SWPA to the cooperatives, certain municipalities and originally three western Missouri power companies; the providing of reserve generating capacity when certain hydropower generating units are down for repair; and operating and accounting procedures to be

followed by Associated and SWPA.

The amount of electricity delivered to Associated by SWPA is determined by SWPA and varies depending on water conditions in the reservoir pools. SWPA advises Associated once each month of the amounts of electricity available, and Associated regulates its other supplies accordingly.

Associated - Companies Contract

This contract is between Associated and originally three western Missouri private power companies (Kansas City Power & Light Co., Missouri Public Service Co. and The Empire District Electric Co.). The arrangement with companies is rather complicated because close coordination of operations must be maintained in order to realize maximum benefits to all parties.

In general, however, the arrangement provides (1) coordination for scheduling hourly production of all sources of power supply available to the companies and Associated, which will obtain lower production cost to supply the electricity requirements of the area; and (2) coordination for maintaining generating equipment in first-class condition to minimize downtime during high-use times.

Operating under these basic arrangements (which have been supplemented by additions of parties and amendments of terms), the cooperatives affiliated with Associated are supplied the electricity that is used by their rural customers throughout the state of Missouri.

Since the cost of producing electricity is one of the major costs in the overall operation, carefully coordinated operating procedures with power suppliers must be maintained. As reflected in the above outline of the basic contractual arrangements, Associated at present has three sources of power supply. They are as follows:

(a) All the electricity that is produced from its own generation facilities at New Madrid and Thomas Hill, plus

power from electric generating plants owned by member rural power cooperatives and sold to Associated;

(b) Peaking hydropower purchased from Southwestern Power Administration; and

(c) Such additional electricity as may be needed by Associated is obtained from other public and private power companies.

The amount of electricity that is obtained from each of the above sources is regulated hour by hour and day by day. When rainfall is plentiful in the watersheds, where the electricity is generated at the dams by water-driven turbines, greater amounts of electricity are purchased and used from these federal dams. When dry weather prevails and the elevations of these reservoirs decline, greater amounts of electricity are produced by the G&Ts' power plants and purchased by Associated. During periods of emergency, such as when one of the cooperative's plants fails to operate or must be removed from service for repair, electricity is purchased from other private or public companies.

The electricity from these different sources is fed into the high-voltage transmission grid owned and operated for Associated by the member cooperatives. From this grid such amounts of electricity as may be needed by each member cooperative are transferred into the member's intermediate voltage subtransmission grid. The electricity is then carried through these systems out to a large number of power distribution centers where some 43 rural electric distribution cooperatives receive the electricity into their low-voltage system and make deliveries throughout the state of Missouri and Iowa to approximately 513,000 meters of rural customers.

Cooperation with other power supply sources, highly satisfactory services by the cooperative systems, together with the maintenance of a low cost to the consumer for the electricity used have been major contributing factors to Associated's rapid growth.

Appendix C ASSOCIATED INCORPORATORS

Incorporators		G&T
Truman Green	Jefferson City, Mo.	Central
Steve A. Schauwecker	Jefferson City, Mo.	Central
Albert W. Schindler	Centralia, Mo.	Central
James W. Owens Jr.	Poplar Bluff, Mo.	M&A
Elon Proffer	Matthews, Mo.	M&A
Marvin Webb	Naylor, Mo.	M&A
M.W. Boudreaux	Palmyra, Mo.	Northeast
R.D. Pennewell	Palmyra, Mo.	Northeast
Lee A. Norton	Macon, Mo.	Northeast
F.A. Martz	Cameron, Mo.	NW
John E. Buck	Corning, Mo.	NW
Wayne E. Rhoades	Harris, Mo.	NW
C.E. Boulson	Marshfield, Mo.	Sho-Me Power
J.W. Haugh	Lebanon, Mo.	Sho-Me Power
Luther A. Riddle	Dixon, Mo.	Sho-Me Power

Appendix D ASSOCIATED BOARD PRESIDENTS AND GENERAL MANAGERS

Presidents	
John E. Buck	October 1961 - February 1977
R.W. (Rudie) Slaughter	March 1977 - June 1981
O.B. Clark	June 1981 -
General managers	
Neil L. Adams	May 1962 - June 1971
E.G. Pereboom	March 1972 - August 1972
Gerald F. Diddle	May 1973 - February 1992
James J. Jura	August 1991 -

Appendix E

SIGNIFICANT DATES

1935 — President Franklin D. Roosevelt signed executive order creating Rural Electrification Administration (REA), *Preface*.

1936 — Congress passed Rural Electrification Act of 1935, *Page 10*.

1937 — Association of Missouri Electric Cooperatives (AMEC), originally called The Missouri State Rural Electrification Association, formed on Feb. 11, 1937, *Page 181*. In 1972, Frank Stork became its chief operating officer, *Page 182*.

1941 — KAMO Power formed, *Page 120*.

1941 — Sho-Me Power Electric Cooperative created by representatives of 26 cooperatives, *Page 120*.

1943 — Southwestern Power Administration (SWPA) created, *Page 20*.

1948 — M&A Electric Power Cooperative incorporated, *Page 120*. Operations began in 1952 with the building of a 10-MW Green Forest Power Plant, *Page 147*.

1948 — Northeast Missouri Electric Power Cooperative formed, *Pages 120 and 147*.

March 11, 1949 — Central Electric Power Cooperative formed, *Pages 120 and 144*. Truman Green served as general manager from 1950 to July 1977, *Page 144*.

1949 — NW Electric Power Cooperative Inc. formed, *Pages 120 and 148*.

Feb. 6, 1961 — Fifteen incorporators signed articles of incorporation to create Associated Electric Cooperative Inc. Two days later, attor-

ney Gene Andereck made trip to statehouse to file articles of incorporation and obtain a charter, *Page 11*.

March 28, 1962 — During a ceremony in Springfield, draft contracts between the soon-to-be Associated Electric Cooperative and three western Missouri investor-owned utilities are signed, *Pages 14, 30 and 49*.

May 28, 1962 — Neil Adams hired as Associated's first general manager. He started work Sept. 3, 1962, *Page 50*.

July 25, 1962 — The Department of the Interior granted final approval to form Associated Electric Cooperative Inc., *Page 30*.

Aug. 1, 1962 — Associated opened for business, *Page 30*.

November 1962 — Associated held its first annual meeting.

1965 — Associated's first transmission line built, *Page 108*.

1966 — Late in 1966, Associated's first big power plant, Thomas Hill Unit 1 at 180 MW, began operating, *Page 47*.

1968 — Associated clinched a deal to bring Noranda Aluminum Inc. to New Madrid and to serve its electrical needs, *Page 87*.

1969 — Thomas Hill Unit 2 went on-line, adding 303 MW, *Page 92*.

1970 — Associated began, and continues today, serving the largest single industrial load in the state, Noranda Aluminum Inc., *Page 46*.

1972 — New Madrid Power Plant's first unit of

600 MW went on-line, *Page 92*.

1974 – Associated agreed to become a partner in the Black Fox Nuclear Project, *Page 91*.

1976 – Board authorized construction of Thomas Hill Unit 3, *Page 91*.

1976 – The federal government sued to shut down New Madrid Power Plant for emissions violating environmental standards. In turn, Associated filed suit against Babcock & Wilcox, manufacturers of precipitators, *Page 103*.

June 1, 1977 – New Madrid Power Plant Unit 2 went on-line, *Page 93*.

1978 – Associated entered the coal business, buying Bee Veer and Prairie Hill mines from the Peabody Coal Co. Associated phased into operations in 1980, *Pages 99 and 100*.

January 1980 – The Missouri Joint Municipal Electric Utility Commission, commonly called the Municipal Pooling Commission, began operations with the signing of a joint contract by six charter members, *Page 115*.

1981 – Associated opened its transmission system to the recently formed Missouri Joint Municipal Electric Utility Commission, *Page 116*.

1981 – Associated negotiated a new contract, effective in 1981, with SWPA following disputes over credits that began in 1970, *Page 28*.

1982 – Thomas Hill Unit 3, a 670-MW unit, went on-line, *Page 130*.

1989 – Associated formed an acid rain contingency fund, *Page 102*.

1989 – “Strategic Staffing Study” spelled out

roles of AMEC and Associated, *Page 182*.

1989 – House Bill 813 allowed private power companies and local cooperatives to adjust their service territory boundaries, *Page 183*.

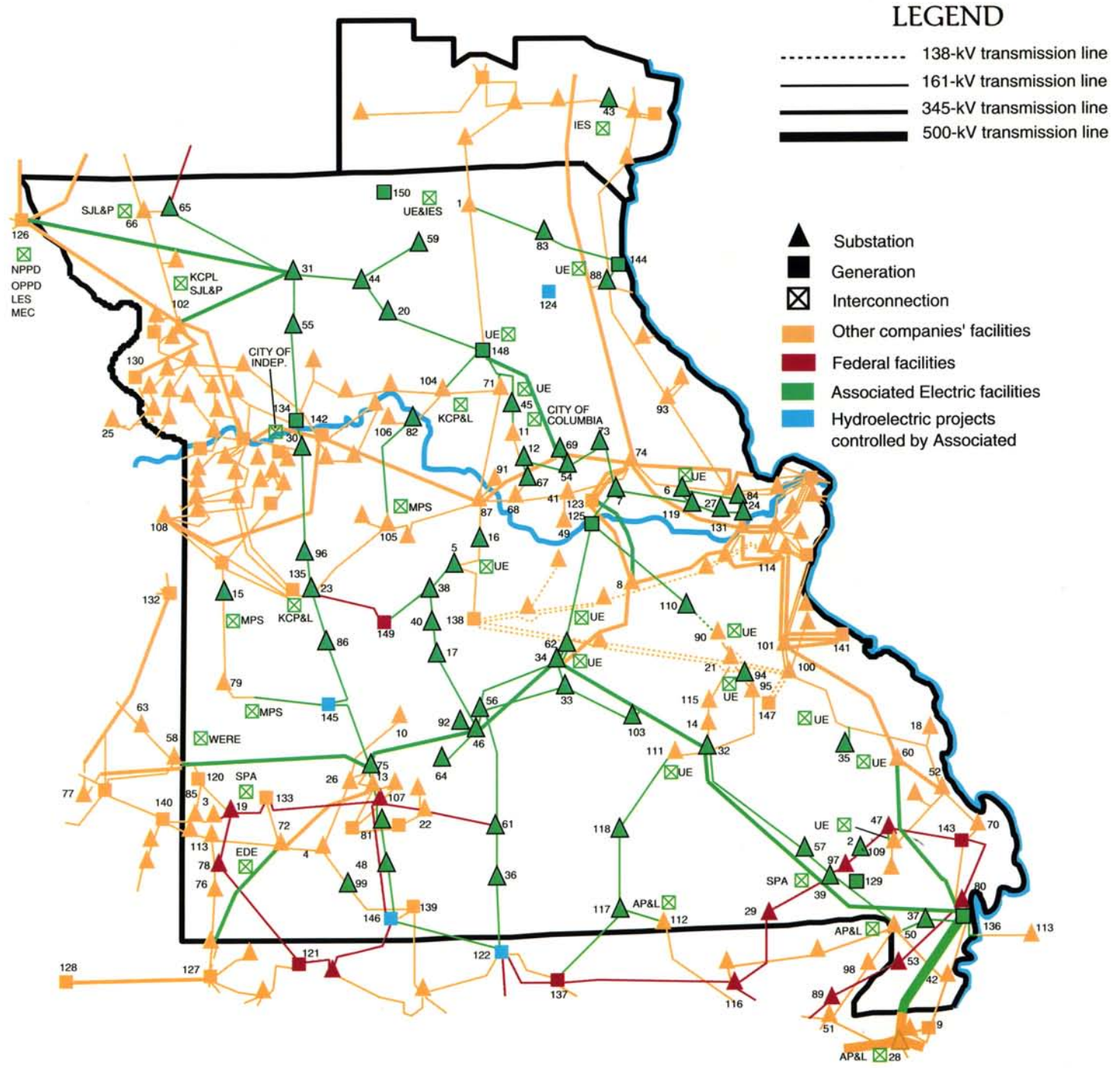
1991 – Jim Jura became general manager, *Page 159*.

1992 – Following the Clean Air Act Amendments of 1990, cooperatives worked with state authorities to enact Clean Air Act compliance legislation, effective in 1992, *Page 185*.

October 1992 – The Comprehensive National Energy Policy Act approved, *Page 113*.

February 1993 – Associated exited the coal business, closing its mines, *Page 99*.

Appendix F
TRANSMISSION MAP

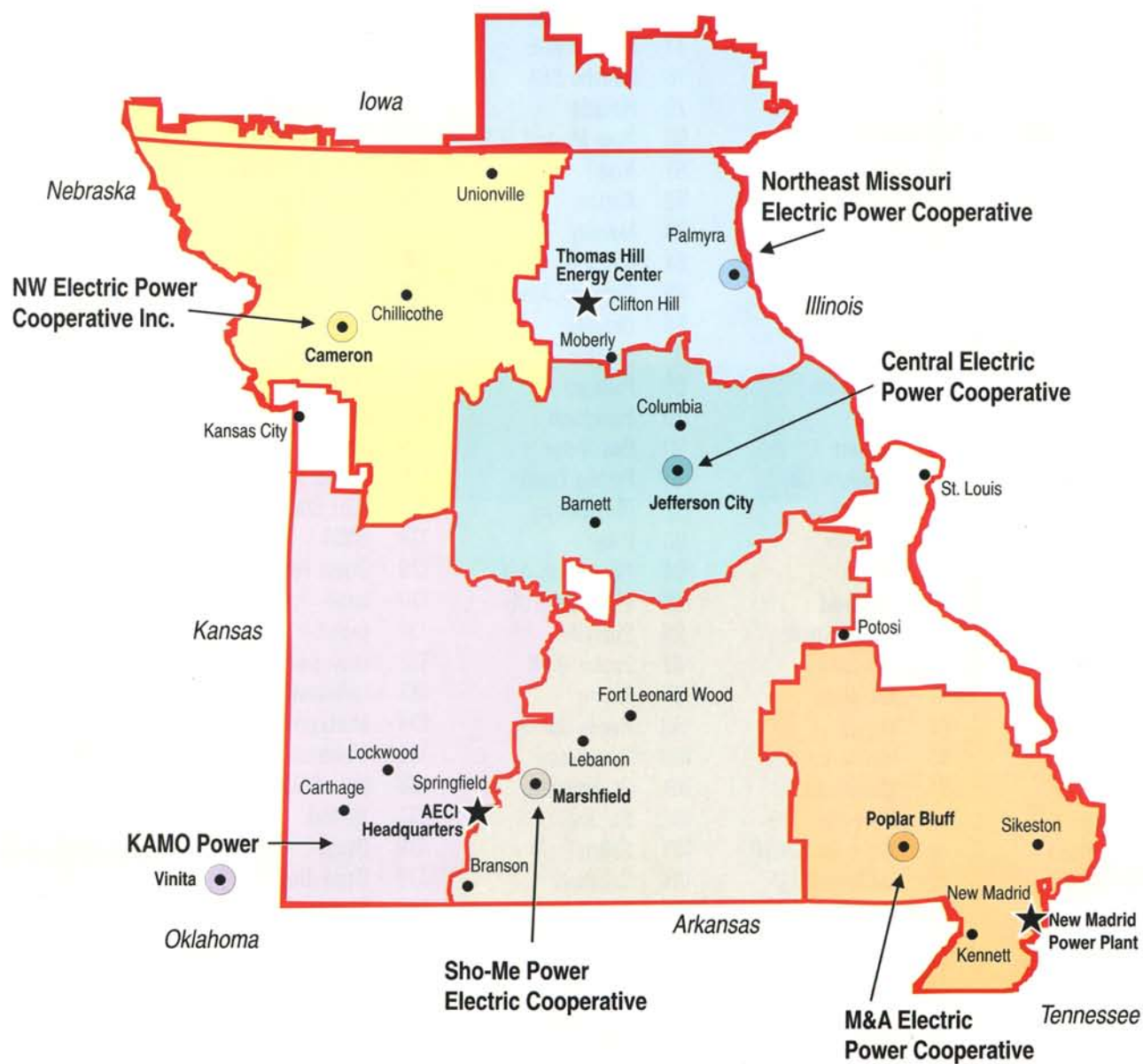


Substation Key

▲	1 Adair	▲	37 Gibson	▲	74 Montgomery UE	▲	111 Sweetwater	■	146 Table Rock
	2 Asherville		38 Gravois		75 Morgan		112 Thayer		147 Taum Sauk
	3 Atlas		39 Green Forest		76 Neosho EDE		113 Tipton		148 Thomas Hill
	4 Aurora		40 Greenview		77 Neosho KGE		114 Tyson		149 Truman
	5 Barnett		41 Guthrie		78 Neosho SPA		115 Viburnum		150 Unionville
	6 Big Creek		42 Hayti		79 Nevada		116 Watervalley		
	7 Big Springs		43 Henry		80 New Madrid SPA		117 West Plains	☒	AP&L – Arkansas Power & Light Co.
	8 Bland		44 Hickory Creek		81 Nixa		118 Willow Springs		EDE – The Empire District Electric Co.
	9 Blytheville		45 Hinton		82 Norton		119 Wright City		IES – IES Utilities Inc.
	10 Bolivar-Burns		46 Huben		83 Novelty	■			KCP&L – Kansas City Power & Light Co.
	11 Bolstad		47 Idalia		84 O'Fallon		120 Asbury		LES – Lincoln Electric System
	12 Boone		48 Jamesville		85 Oronogo Junction		121 Beaver		MEC – MidAmerican Energy Co.
	13 Brookline		49 Jefferson City		86 Osceola		122 Bull Shoals		MPS – Missouri Public Service Co.
	14 Brushy Creek		50 Jim Hill		87 Overton		123 Callaway		NPPD – Nebraska Public Power District
	15 Butler		51 Jonesboro		88 Palmyra		124 Cannon		OPPD - Omaha Public Power District
	16 California		52 Kelso		89 Paragould		125 Chamois		SJL&P – St. Joseph Light & Power Co.
	17 Camdenton		53 Kennett		90 Pea Ridge		126 Cooper		WERE – Western Resources
	18 Cape Girardeau		54 Kingdom City		91 Perche Creek		127 Flint Creek		UE – Union Electric Co.
	19 Carthage		55 Lathrop		92 Phillipsburg		128 GRDA		
	20 Chillicothe		56 Lebanon		93 Pike		129 Green Forest		
	21 Clark		57 Leeper		94 Pilot Knob AECl		130 Iatan		
	22 Clay		58 Litchfield		95 Pilot Knob UE		131 Labadie		
	23 Clinton		59 Locust Creek		96 Pittsville		132 Lacygne		
	24 Cottleville		60 Lutesville		97 Poplar Bluff		133 LaRussell		
	25 Craig		61 Mansfield		98 Rector		134 Missouri City		
	26 Dadeville		62 Maries		99 Reeds Spring		135 Montrose		
	27 Dardenne		63 Marmaton		100 Rivermines		136 New Madrid		
	28 Dell		64 Marshfield		101 St. Francois		137 Norfork		
	29 Doniphan		65 Maryville		102 St. Joe		138 Osage		
	30 Eckles Road		66 Maryville SJL&P		103 Salem		139 Ozark Beach		
	31 Fairport		67 McBaine AECl		104 Salisbury		140 Riverton		
	32 Fletcher		68 McBaine TAP		105 Sedalia		141 Rush Island		
	33 Fort Leonard		69 McCredie		106 South Waverly		142 Sibley		
	Wood		70 Miner		107 Springfield		143 Sikeston		
	34 Franks		71 Moberly		108 Stillwell		144 South River		
	35 Fredericktown		72 Monett		109 Stoddard		145 Stockton		
	36 Gainesville		73 Montgomery City		110 Sullivan				

Appendix G AECI LOCATIONS, G&T MEMBER SERVICE AREAS AND REFERENCED CITIES

- ★ AECI locations
- G&T headquarters
- White areas - not served by AECI



Appendix H CURRENT BOARD MEMBERS



Central Electric Power Cooperative - From left, O. B. Clark, Associated board president, and Donald W. Shaw



KAMO Power - From left, L. Doug White and W. Arthur Carrier, Associated board secretary



M&A Electric Power Cooperative - From left, James W. Abernathy, Associated treasurer, and Robert E. Stagner



Northeast Missouri Electric Power Cooperative - From left, Ralph E. Shaw and Maurice L. Happel, Associated board vice president



NW Electric Power Cooperative Inc. - From left, James K. Steele and Richard L. Arnold



Sho-Me Power Electric Cooperative - From left, John K. Davis and Jerry W. Divin

Appendix I

ASSOCIATED'S MEMBER SYSTEMS AND THEIR DISTRIBUTION COOPERATIVES

Central Electric Power Cooperative Jefferson City, Mo.

Boone Electric Cooperative
Columbia, Mo.

Callaway Electric Cooperative
Fulton, Mo.

Central Missouri Electric Cooperative Inc.
Sedalia, Mo.

Co-Mo Electric Cooperative Inc.
Tipton, Mo.

Consolidated Electric Cooperative Inc.
Mexico, Mo.

Cuivre River Electric Cooperative Inc.
Troy, Mo.

Howard Electric Cooperative
Fayette, Mo.

Three Rivers Electric Cooperative
Linn, Mo.

KAMO Power Vinita, Okla.

Barry Electric Cooperative
Cassville, Mo.

Barton County Electric Cooperative Inc.
Lamar, Mo.

New-Mac Electric Cooperative Inc.
Neosho, Mo.

Osage Valley Electric Cooperative Association
Butler, Mo.

Ozark Electric Cooperative
Mt. Vernon, Mo.

Sac-Osage Electric Cooperative Inc.
El Dorado Springs, Mo.

Southwest Electric Cooperative
Bolivar, Mo.

White River Valley Electric Cooperative Inc.
Branson, Mo.

M&A Electric Power Cooperative Poplar Bluff, Mo.

Black River Electric Cooperative
Fredericktown, Mo.

Ozark Border Electric Cooperative
Poplar Bluff, Mo.

Pemiscot-Dunklin Electric Cooperative
Hayti, Mo.

Scott-New Madrid-Mississippi Electric Cooperative
Sikeston, Mo.

Northeast Missouri Electric Power Cooperative Palmyra, Mo.

Lewis County Rural Electric Cooperative
Lewistown, Mo.

Macon Electric Cooperative
Macon, Mo.

Missouri Rural Electric Cooperative
Palmyra, Mo.

Ralls County Electric Cooperative
New London, Mo.

Tri-County Electric Cooperative Association
Lancaster, Mo.

Chariton Valley Electric Cooperative Inc.
Albia, Iowa

S.E. Iowa Cooperative Electric Association
Mt. Pleasant, Iowa

Southern Iowa Electric Cooperative Inc.
Bloomfield, Iowa

NW Electric Power Cooperative Inc. Cameron, Mo.

Atchison-Holt Electric Cooperative
Rock Port, Mo.

Farmers' Electric Cooperative Inc.
Chillicothe, Mo.

Grundy Electric Cooperative Inc.
Trenton, Mo.

Nodaway Worth Electric Cooperative Inc.
Maryville, Mo.

North Central Missouri Electric Cooperative Inc.
Milan, Mo.

Northwest Missouri Electric Cooperative
Savannah, Mo.

Platte-Clay Electric Cooperative Inc.
Platte City, Mo.

West Central Electric Cooperative Inc.
Higginsville, Mo.

Sho-Me Power Electric Cooperative Marshfield, Mo.

Crawford Electric Cooperative Inc.
Bourbon, Mo.

Gascosage Electric Cooperative
Dixon, Mo.

Howell-Oregon Electric Cooperative Inc.
West Plains, Mo.

Intercounty Electric Cooperative Association
Licking, Mo.

Laclede Electric Cooperative
Lebanon, Mo.

Se-Ma-No Electric Cooperative
Mansfield, Mo.

Southwest Electric Cooperative
Bolivar, Mo.

Webster Electric Cooperative
Marshfield, Mo.

White River Valley Electric Cooperative Inc.
Branson, Mo.

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ABOUT THE AUTHOR



Jean and Russ Holt

Russ Holt claims North Dakota lost a potentially great dirt farmer when his family was driven off the farm in the Great Depression. He is one of a declining number of Americans who actually knows what it was to live life on the farm without electricity.

That ended when the family moved to Seattle. There Holt grew up to graduate from the University of Washington in journalism and to become a prize-winning newspaper reporter. He subsequently was press secretary and speech writer for Washington state's most honored senator, the late Henry M. (Scoop) Jackson (D). Holt twice headed the public affairs department for one of the federal power-marketing agencies, Bonneville Power Administration in Portland, Ore. (1961-66 and 1977-81). In the 10 years between, he was director of corporate communications at Con Edison, the huge investor-owned utility serving New York City. He has been a free-lance writer since 1985 and lives in Vancouver, Wash.

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