Milestones in the History of Your Cooperative

The 1940s - The Years of Organization and Construction

As rural electric cooperatives began springing up in South Dakota, the rural population in Faulk, Edmunds, and McPherson Counties realized that they, too, could get electricity to their farms and homes, but someone was needed to spearhead the project. The County Agents of the three counties, Douglas Barrows, Oscar Prestegard, and Walter Lassen, took this responsibility and began by organizing meetings to see if there was enough interest. These men are given much of the credit for getting rural electrification to the area. FEM Electric Association, Inc. was officially launched as a business enterprise on December 10, 1945 when the articles of incorporation were filed with the Secretary of the State of South Dakota and certificates were issued granting the association the authority to do business in the State. The only members and shareholders of FEM Electric at this time were the original incorporators. The first official meeting of the original incorporators and shareholders was held January 5, 1946. The original incorporators and shareholders were Mathew Bachman, Edwin E. Hubbard, Victor Holsing, Michael P. Bowar, Wendell Miller, Theodore T. Martel, Paul Hausauer, Albert C. Hauffe, and Robert Schurr.

The State of South Dakota passed the Electric Cooperative Act of 1947 which allowed rural electric organizations to convert to cooperative, nonprofit, membership corporations and on June 7, 1948 the original incorporators of FEM Electric voted and passed the Articles of Conversion which converted FEM Electric to its current membership cooperative status in which every member has a vote in the cooperative. A number of farmers and directors volunteered to visit area farms selling $5.00 memberships in the cooperative. Membership certificates were issued and director districts established. Members elect representatives to the board from these districts.

A tremendous amount of work was accomplished during the three years after its official organization and on August 9, 1948, the directors voted to join Dakotas Electric Cooperative, Inc. of Beulah, ND, from which FEM Electric would purchase energy to sell to its members upon completion of the substations and distribution lines. The Hillsview Substation was energized on November 30, 1948, and the Ipswich Substation on December 12, 1948. By Christmas Eve of that year, electricity was available to slightly over 200 members.

FEM Electric was the first utility in South Dakota to receive power from the Missouri River dams, and on May 25, 1949, a small group of officials journeyed to the Ipswich substation, where meters were read and a small ceremony marked the official entrance of the Bureau of Reclamation's low cost power into the State of South Dakota.

The office space that had been rented on the second floor of the Ipswich Bank was becoming too small for the growing business and office space in the Taylor Building (which later became the Fireside Lounge) was rented. This temporarily alleviated the space problem; however, the need for permanent office space and warehouse storage facilities was apparent and building plans and a building site were researched.

On June 5, 1949, the first annual membership meeting was held in conjunction with Ipswich's "Trail Day". A conservative estimate of over 5,000 interested people were on hand that day and over 3,700 people were served a lunch before the food ran out. Many people registered in the electrical exhibit booths and obtained firsthand information on the many items of electrical equipment becoming available.

A substation was needed to provide electric service to western Faulk County and southwestern Edmunds. REA would not make a loan for transmission line, so FEM built the substation outside its service territory along the current MDU transmission line then built the distribution line to the members. On a cold and frosty December 19, 1949, the Tolstoy Substation was energized.

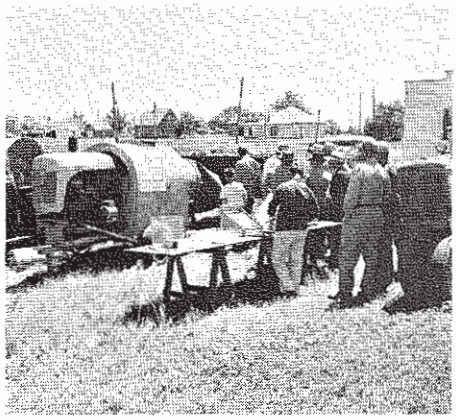
The first annual meeting was held June 5, 1949, in conjunction with Ipswich's "Trail Day". Over 3,700 people were served a lunch, and many visited the electrical merchandise booths and registered for prizes.

Albert C. Hauffe served the FEM Electric Board of Directors as President from 1946 through 1976.

During the early years, poles were shipped by rail and stored near the tracks. FEM employees Dick Bosanko, Walter Koth, Glen Brown, and Allie Grage take a break from loading poles.

On May 25, 1949, at the Ipswich Substation, a small group of officials read meters marking the official entrance of Bureau of Reclamation power into South Dakota.

When the last of the three initial substations, the Tolstoy Substation, was energized on December 19, 1949, service was provided in all three counties, thus establishing the back bone of FEM's distribution system.



Demonstrations, including a crop drying demonstration, are shown at an annual meeting in Cresbard.

The 1950s - The Decade of Transition

The second annual membership meeting was held June 6, 1950, at Bowdle, SD. Many rural residents now had electricity delivered to their farms and homes and the transition period from the construction phase to the operational phase of the cooperative was about to begin.

After much research and deliberation, a site had been selected and purchased in Ipswich for the new headquarters building, and an engineering firm was hired to draw up the plans. On July 24, 1950, a ground breaking ceremony was held in Ipswich.

December 23, 1950, marked the end of the contract construction period with the completion of three major line construction contracts, and the FEM distribution system now consisted of 1,027 miles of new lines. From the date of organization, a period of five years and 13 days, 2,114 miles of line had been constructed to serve the rural people of Faulk, Edmunds, and McPherson counties.

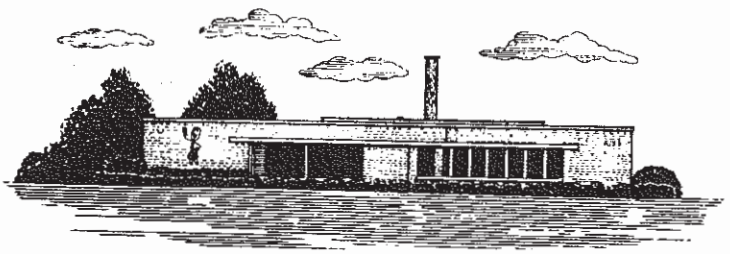
FEM Electric also had the distinction of serving the first electrically heated home in this part of South Dakota. After lengthy investigation, Ted and Frieda Martel of Long Lake installed electric heaters in their home in Long Lake in December of 1950.

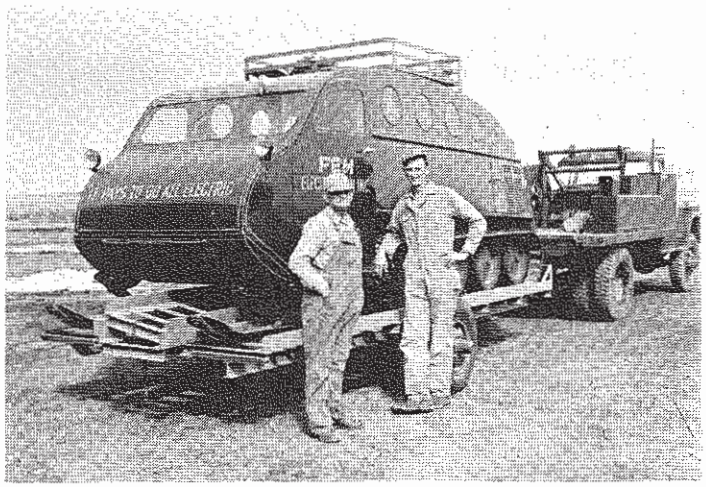
March 17, 1951, marks the dedication of the permanent headquarters building. Now that FEM was in the operational phase, many records were needed. Staking sheets, indicating all of the line hardware and its location, were made up for the plant accounts. More electric energy was being used by the members and larger payments were coming in each month.

Byron Jones, FEM Treasurer, presented the first prepayment to a representative of the Rural Electrification Administration at the annual meeting in Eureka on June 4, 1951. The $50,000 advance payment established a cushion of credit against the payments due on our REA loans.

The first capital credits check was handed to Anton Malsom by FEM Manager A. W. Grage on June 10, 1959, at the annual membership meeting held at Bowdle. This distribution of patronage capital credits was for the years 1953 and 1954 with the issuance of $26,000 in capital credits.

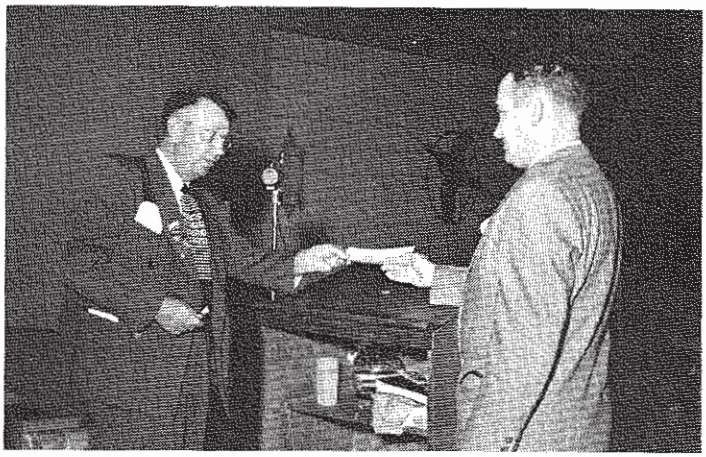
With the large size of our service territory, and the fact that it was difficult to get around on country roads with the small service trucks of the 1940s and 1950s, outpost stations were brought into the picture. The Eureka Warehouse was built in 1957 and served as a headquarters for FEM's outpost linemen and a storage facility for material.



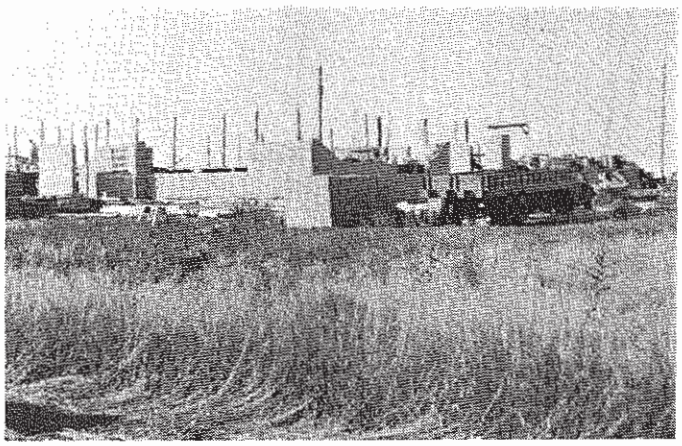


Merle Rose and Adam Krebs stand next to the "Bombar" a large snowmobile which can carry eight men. The Bombar was purchased in November of 1950 and was used by FEM until 1989 when it was sold for more than its original purchase price.

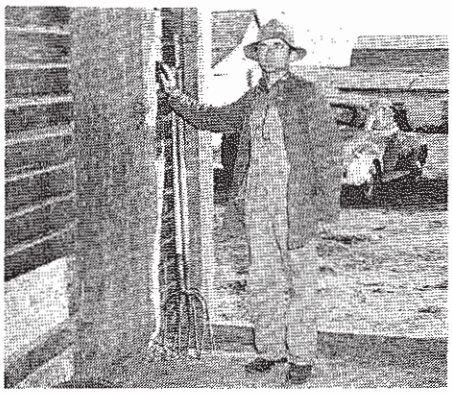
Ted Martel is shown enjoying the electric heat unit installed in his home in December of 1950. The costs of heating electrically were established in the FEM area by this first installation.



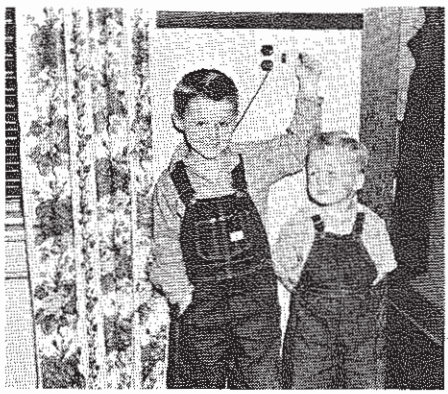
FEM Treasurer Byron Jones is shown presenting the first "prepayment" to an REA representative at the Eureka annual meeting held June 4, 1951.



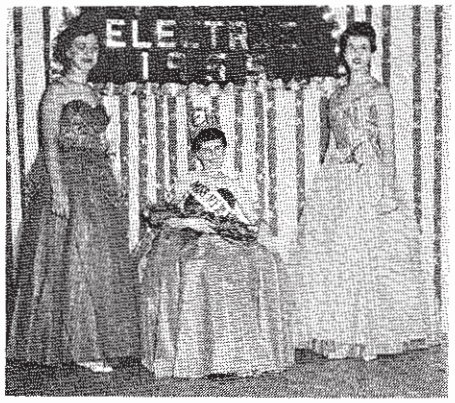
The FEM Electric headquarters building in Ipswich during construction the fall of 1950. The formal dedication ceremony was held March 17, 1951.



The energizing of a work order to the Elmer Feiock farm near Leola, South Dakota on August 31, 1951, brought the number of FEM consumers to 2,000.



Wall outlets and light switches replaced ceiling fixtures and chains. Children have enjoyed "flipping the switch" ever since.



The Miss FEM contests held in Roscoe were very popular with their evening gown and swim suit competitions. Miss FEM of 1955, Bev Holsing, is shown here.

The 1960s--Declining Farm Population and Large Load Growth

With the decline in the number of active farms, some of the vacant farms were bought by local farmers as they expanded their operations. This availability of land also brought to our area a new group of people, the Hutterites. With a communal life-style, two or three vacant farms could be purchased, offering sufficient land on which several families could live. Although the number of farm services gradually decreased each year, sales continued to increase monthly and annually; and January, 1961, became the first month FEM sold a million kilowatt hours in a single month, quite a contrast to 1950 when the total sales for the whole year were slightly over the one million mark.

Frieda Martel became the first woman director in the state of South Dakota to serve on a rural electric cooperative board when she was appointed to fill the vacancy created in 1960 when her husband, T. T. Martel passed away.

Growing electrical loads in McPherson County required more distribution capacity in that area. Plans based on this need resulted in the construction of three miles of transmission line and the Leola substation which was energized on December 18, 1963. A heavy duty three phase line built from north of Leola to Long Lake provided a new source of power for Long Lake.

When increased sales had reached a certain point in 1964, the directors and management were able to reduce electric rates. An all electric rate with a low step of 1.5¢ per kilowatt hour, regardless of use, was put into effect. The entire rate structure was revised which resulted in a substantial reduction in FEM members electric bills.

The need for more electrical capacity in Faulk County required the construction of a substation in the Cresbard area. Twenty-five miles of 46 KV transmission line was constructed from Ipswich to the new substation located west of Cresbard. Manager A. W. Grage threw the switch energizing the substation on February 13, 1964. This was the first FEM substation to be located within the boundaries of Faulk County.

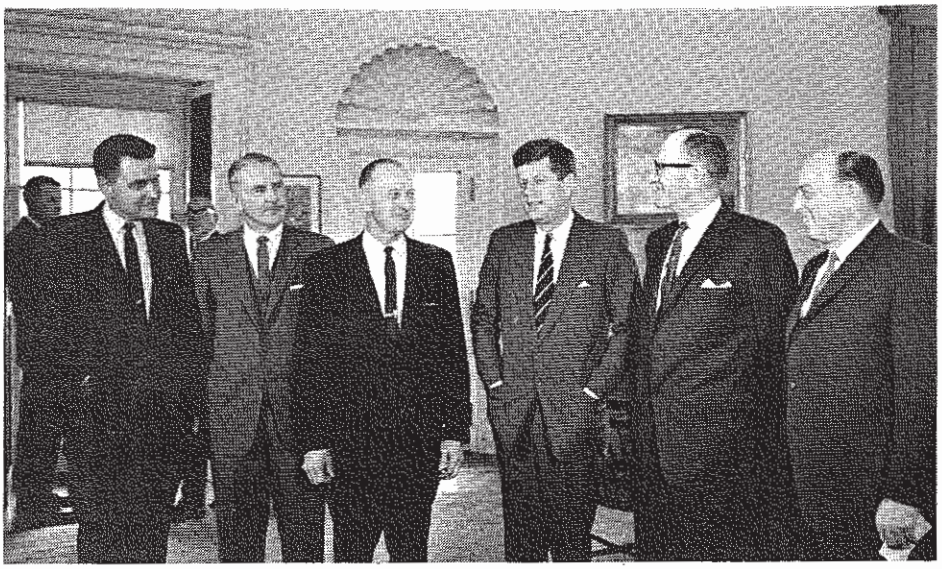
The promotional statement during the 1960s was "Be Modern--Go All Electric". Modern electric tools and appliances were featured in many high school shop and home economics courses. Electrical appliances such as washers, dryers, stoves, refrigerators, TVs, radios, and sewing machines were purchased for the home, and push button feeding installations, electric milking operations, and security lights were installed outside. FEM Electric reached another milestone in kilowatt hour sales of electricity in 1964 as this was the first year since the lines were energized that sales were over 1,000,000 kWh each month for the entire twelve-month period. In spite of a declining number of farms, sales figures continued to increase.

Better service continuity and voltage in western Faulk and Edmunds County required that a new 1500 KVA substation west of Onaka be built to replace the existing one west of Tolstoy. A transmission line connected to the MDU line south of Tolstoy supplied power to the Onaka Substation which was put into service on April 14, 1965. The Faulkton Warehouse was built in 1965 to provide an outpost station and warehouse storage in Faulk County.

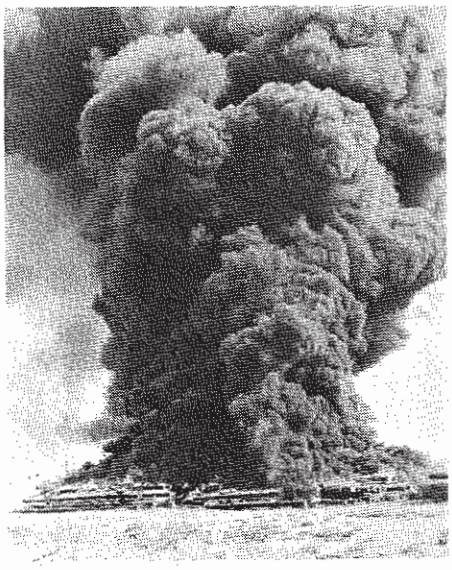
The old Tolstoy substation was then moved from its original site to continue to serve FEM members at a new location near Roscoe, and on October 14, 1966, it became the Roscoe Substation, for a total of six substations.

The winter of 1968-69 was long remembered as the winter of the blizzard and ice storm that caused widespread damages to the lines and extended outages. FEM Electric's first underground cable was installed during 1969 and connected consumers with the proposed Newtown Substation.

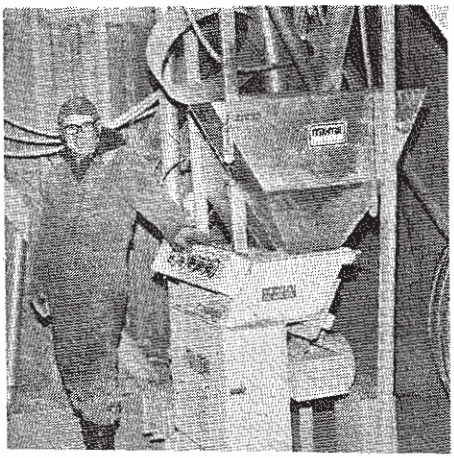
In October of 1969, the FEM Board of Directors took an important step in their future financing options by becoming a charter member of the National Rural Utilities Cooperative Finance Corporation (CFC).



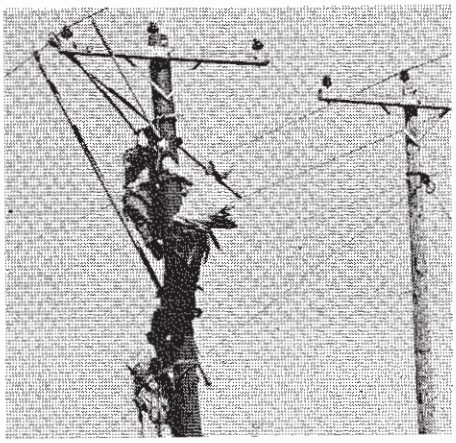
Pictured above are REA Administrator Norman M. Clapp, two unidentified rural electric officials, United States President John F. Kennedy, Albert C. Hauffe, and NRECA General Manager Clyde T. Ellis during Mr. Hauffe's tenure as NRECA board president. During 1963-1964, Mr. Hauffe served as president of the local, state, and national boards of directors (FEM, SDREA, and NRECA) concurrently.



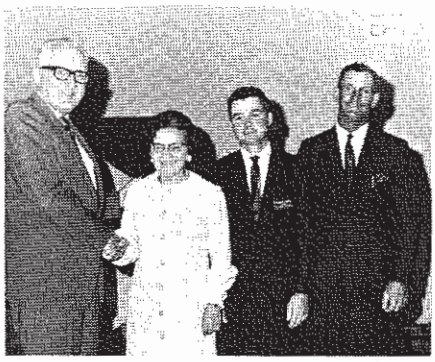
A thick, black cloud of smoke mushroomed above the flames in this 1965 blaze which destroyed 365 FEM utility poles. The poles were stored along the railroad near the elevator in Ipswich.



"Be Modern -- Go All Electric" Alden Flakoll is shown with his automated feeding equipment. A control panel is visible to the left.



Using hot sticks allowed FEM linemen to do some of their work on energized lines.



Atty. R.G. Gross, Frieda Martel, Kenneth Deiter, and Martin Schurr. Mrs. Martel was the first woman director in South Dakota.

FEM's first underground was installed in 1969 preparing for the construction of the Newtown Substation.

The 1970s--The Years of Conservation

The 1970s continued the trend of declining farm population and increased sales, and in order to keep up with this growing demand, the Newtown Substation was energized on March 13, 1970.

The growing demand for electricity was rising so rapidly that the power producers could not keep up with the demand. Although our power supplier had the foresight to build power plants before they were needed, the east and west coasts were suffering "black outs" and "brown outs". The oil market went wild, gas prices skyrocketed and consumers had to wait in long lines to fill their cars with gas. Operating costs went up, and so did FEM's rates. The world was now beginning to see the need to conserve all forms of energy. The promotional statement of the 1970s became "Conserve Energy!" Although they were not entirely new, microwave ovens became more widely accepted because of their energy efficiency.

Legislation also played an important role in the operations of utilities during the 1970s. Effective January 1, 1973, the National Electric Safety Code required ground fault circuit interrupters (GFCIs) be used on all construction sites. In 1973, for safety purposes, SD legislators passed the Proximity Law making it illegal to be within 6 feet of an electrical distribution line. In 1975, legislators passed an act addressing territorial problems, establishing set electric utility service area boundaries.

It was also during President Nixon's Administration in the 1970s that Congress first started looking at legislation to "do away with the REA". Some people felt that all rural Americans were receiving electricity so the program had served its purpose. Rural Americans banded together to convince Congress to preserve the REA program. The REA loan program survived the battle, but little did we realize at the time that the war was just beginning.

With the constant loss and consolidation of farms, the number of active services continually decreased and, in 1972, an idle service fee of $2.00 per month was put in place to reduce the number of idle services. With the steady increase in sales, FEM found it necessary to introduce the "Double Zero" method for meter readings in 1973. This method allowed us to record the costs for higher KWH users on the rate schedules without making the rate schedules longer or using smaller print. In 1974, FEM Electric received its first Safety Accreditation Award for safe man-hours worked, and we installed our first computer system in the office.

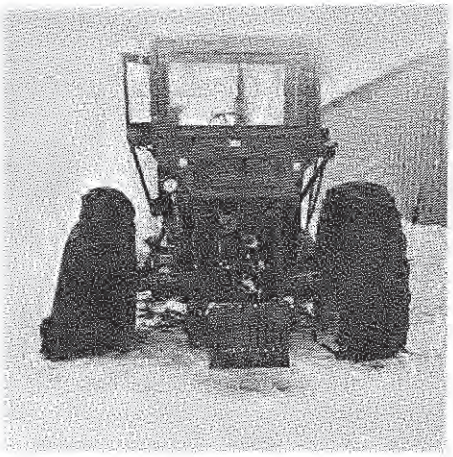
On August 19, 1976, the rural electrification program lost a highly respected advocate when FEM Board President, Albert C. Hauffe passed away. Mr. Hauffe had the distinction of serving many years on the boards of directors, and was elected president of the boards of FEM Electric Association, Inc., South Dakota Rural Electrific Association (SDREA), and National Rural Electric Cooperative Association (NRECA). It is unusual for one man to serve as president of the local, state, and national boards simultaneously as Mr. Hauffe had done.

Engineering studies indicated that another substation would improve power quality in Faulk County. The need for the Burkmere Substation and 22 miles of transmission line that would also need to be built brought about another major decision for the FEM Electric Board of Directors. At the annual meeting held June 6, 1979, the membership voted to join East River Electric Power Cooperative. All FEM-owned substations and transmission line were sold to East River which then assumed the role of operating and maintaining the transmission system serving FEM Electric.

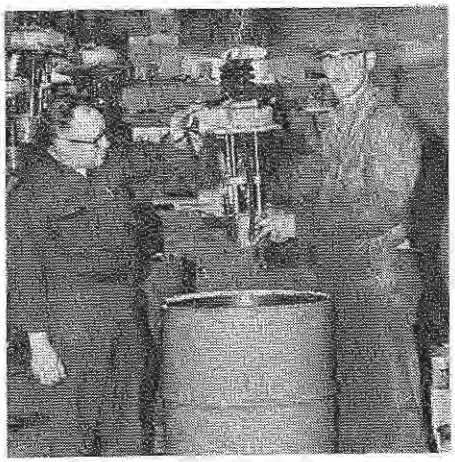
Earl Hettick displays some of the modern electric appliances available from Roscoe Hardware during an FEM Electric annual meeting.

FEM employees Betty Habben, Neva Williams, Grace Engelhardt and Irene Stevenson congratulate door prize winner Donnie Roesch after the 1972 meeting.

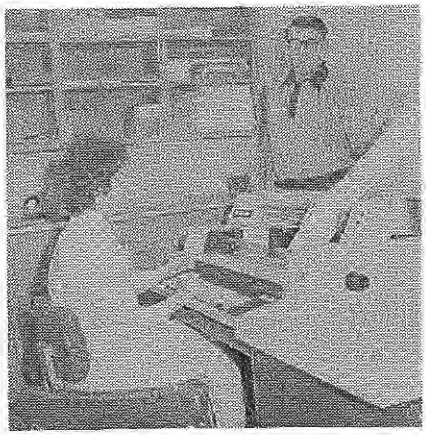
Manager S. G. Fischer is shown congratulating Neva Williams on her retirement in 1974.



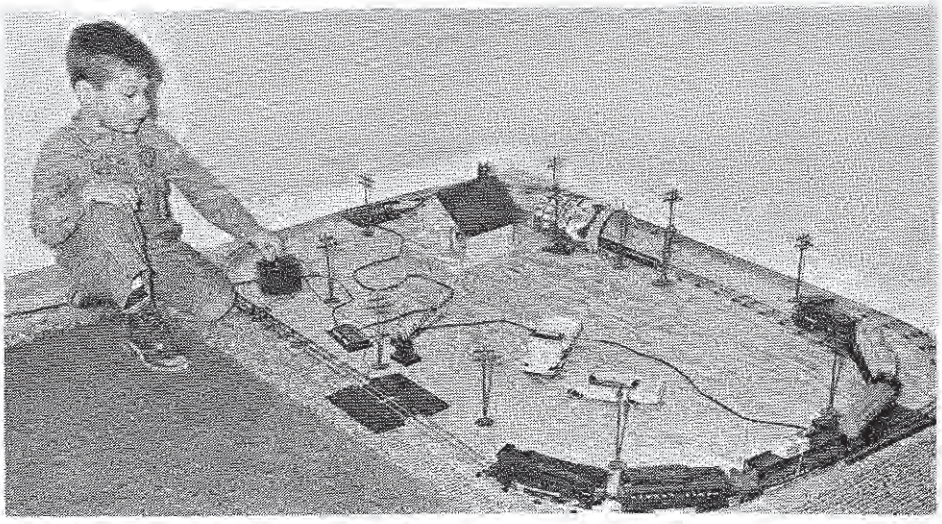
This tractor suffered severe damages when it ran into a power line.



Earl Johnson and Jim Seidel are shown repairing OCRs in the shop.



Bert Voegele and Janet Bruckner are shown here with FEM 's first computer system installed in 1974.



Electricity doesn't have to be all business--it can be fun, also. This young man proudly shows off what he can do with his electric train set.

The 1980s--Cutbacks and Load Control

The 1980s began with East River's construction of transmission line to serve the Burkmere Substation and then the completion of the Burkmere Substation, which was energized on September 10, 1980.

With ever-increasing costs, the 1980s became the decade of inflation and cutbacks. Power costs went up, interest rates went up; it seemed as though there was no end to the increases. FEM looked at every expense to see which items could be cut to reduce its budget. Cutbacks were made in nearly every area, and although expenses did increase, FEM was able to keep expenses from increasing as rapidly as inflation. Then, as journeyman linemen or foremen retired, it was found that the wages offered were inadequate to obtain qualified replacements. There were two outpost positions that were unable to be filled with journeyman linemen. The Board of Directors took a long hard look at this situation. The roads were better now than in the early years of the cooperative, and larger equipment was now available. It was the decision of the board and management to discontinue the outposts at Eureka and Faulkton. By eliminating the line positions at the Faulkton and Eureka outposts, the number of employees was reduced and resulted in additional savings to FEM members.

While FEM was looking at ways to keep rates down, our power supplier, East River, was also looking at methods of cutting costs. Energy usage was continuing to increase significantly and the penalty for a high peak demand was great. New power plants could be built to generate enough electricity for the predicted peaks of the future, but they would also sit idle some of the time which was not cost-effective. Also, with the enormous inflation suffered in the 1970s and 1980s, the cost of building a power plant was not what it was in the 1960s and early 1970s. If, however, this demand for energy could be reduced during peak time and then used during the off-peak time, the same amount of energy could be sold at a lower cost. The promotional statement of the 1980s became "Use Electricity--But Use It Wisely!", and with this began the age of load control.

East River made available to member cooperatives incentives and special rates which FEM extended to members for dual fuel heating and electric water heaters. With sophisticated computer systems, East River could determine peak situations and activate controls, thus reducing the costly demand charges at peak times. Then, later when conditions indicated that the demand was dropping, the controls could be de-activated and the lower cost off-peak energy used. Calculations indicate that load control has saved East River and its member systems more than $43,000,000 the past ten years with very little inconvenience to the ultimate consumers.

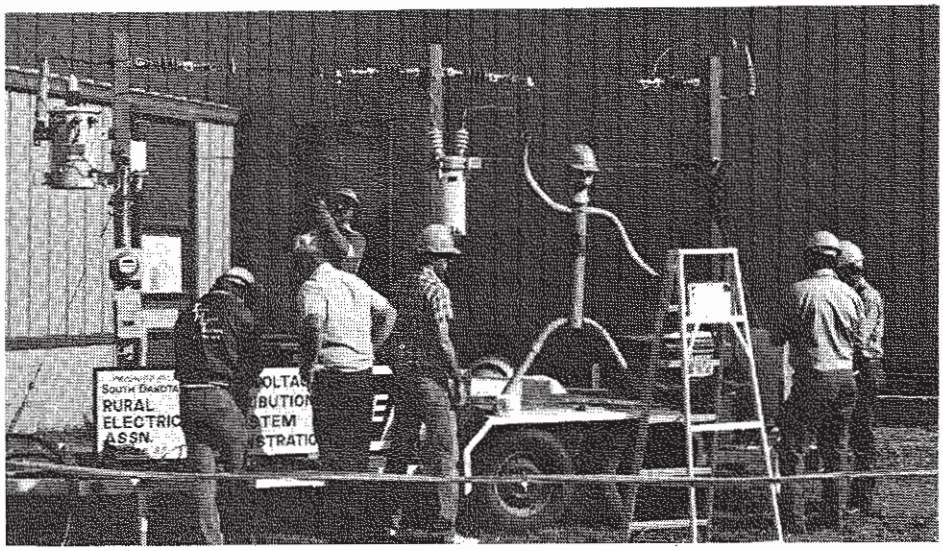
FEM's office computer system, installed in 1974, had become out-dated and was not meeting the needs of the cooperative. In 1985 a new computer system was installed, greatly increasing the efficiency of the office, and allowing more time to assemble the increasing amount of information required by REA.

Farm accounts continued to decrease; however, the number of commercial accounts increased greatly with the addition of many WEB water sites throughout the service territory and in 1986 Evergreen Colony was added. FEM's sales continued to increase and in 1989, over 37,000,000 KWH were sold.

During the 1980s, the battle to save REA intensified. Attacks on the rural electrification program moved from the Congressional floor to magazines and the television arena. Concessions were made, and in the end, even the small cooperatives like FEM Electric would no longer be eligible for 100% REA loans with a 2% interest rate. FEM Electric was very fortunate to submit one more loan application for a very large two-year construction work plan before the new ruling took place.

The "Burro" trailer, purchased in 1982, houses some highly sophisticated test equipment used by FEM linemen to locate URD faults.

Once the fault is located, the cable must be exposed to repair the fault.



FEM Linemen Randy Herr, Bob Owens, Ed Anglin, Rob Vetch, Deleano Heupel, and Dick Carr set up the power line demonstration at the 1986 annual meeting held in Bowdle, South Dakota.

President Norman Batteen presents Waldon Kallenberger with a plaque at his retirement.

Power Use Advisor Myron Fillbach is shown checking a stanchion in a dairy facility for stray voltage.

FEM linemen attend monthly safety meetings to keep them up-to-date. This meeting they learn more about meters.

The 1990s--Changing Times

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

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

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

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

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

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

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

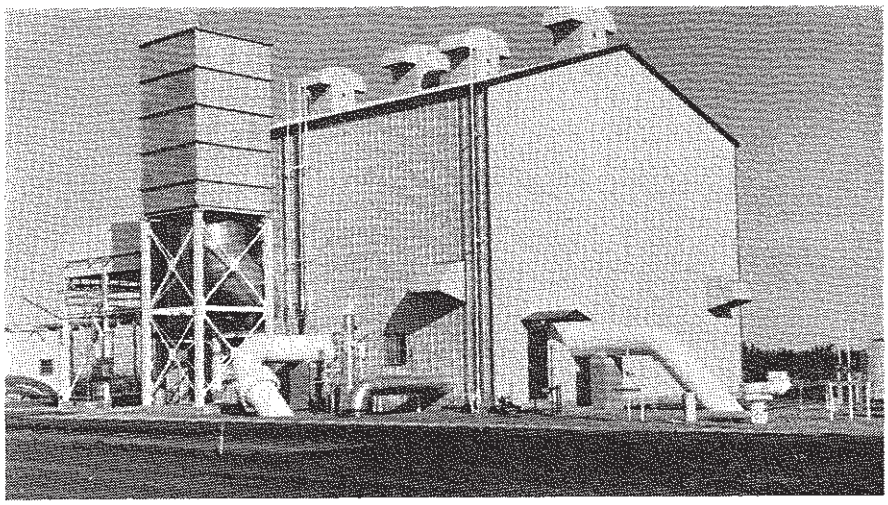
In 1995, FEM celebrated its 50th anniversary as a business entity; it faced some of the toughest challenges ever. During 1995 federal budget hearings, Congress looked at selling the Power Marketing Administration (PMA) dams. Without this low-cost hydro-power, rates were expected to increase dramatically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

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

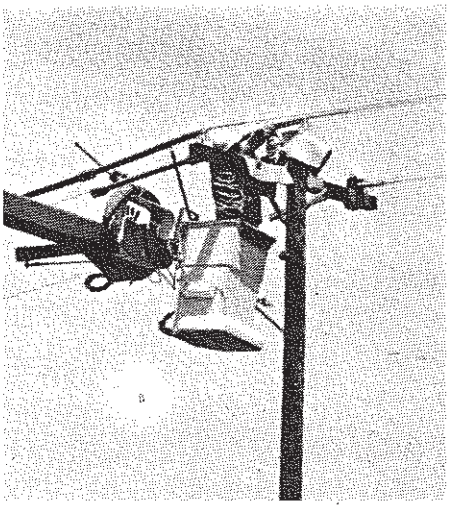
In April 1995, a spring snow storm consisting of a heavy, wet snow hit Faulk and Edmunds Counties mainly affecting lines 10 miles on either side of Highway 45. Outage calls started at 4:30 a.m. the morning of April 18th and FEM linemen were dispatched to repair damages. The storm was short in duration,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

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

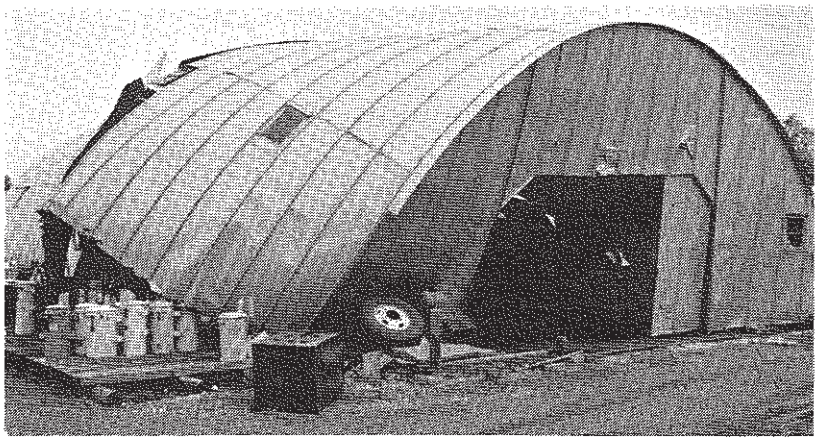
The January 1995 ice storm began with fog and freezing rain that created a heavy coat of frost and ice.



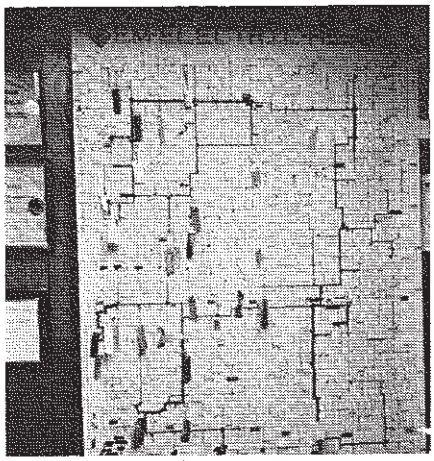
The Northern Border Pipeline cooling station went on line in 1992.



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



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



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