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Madison, Wisconsin: WDA, 1938

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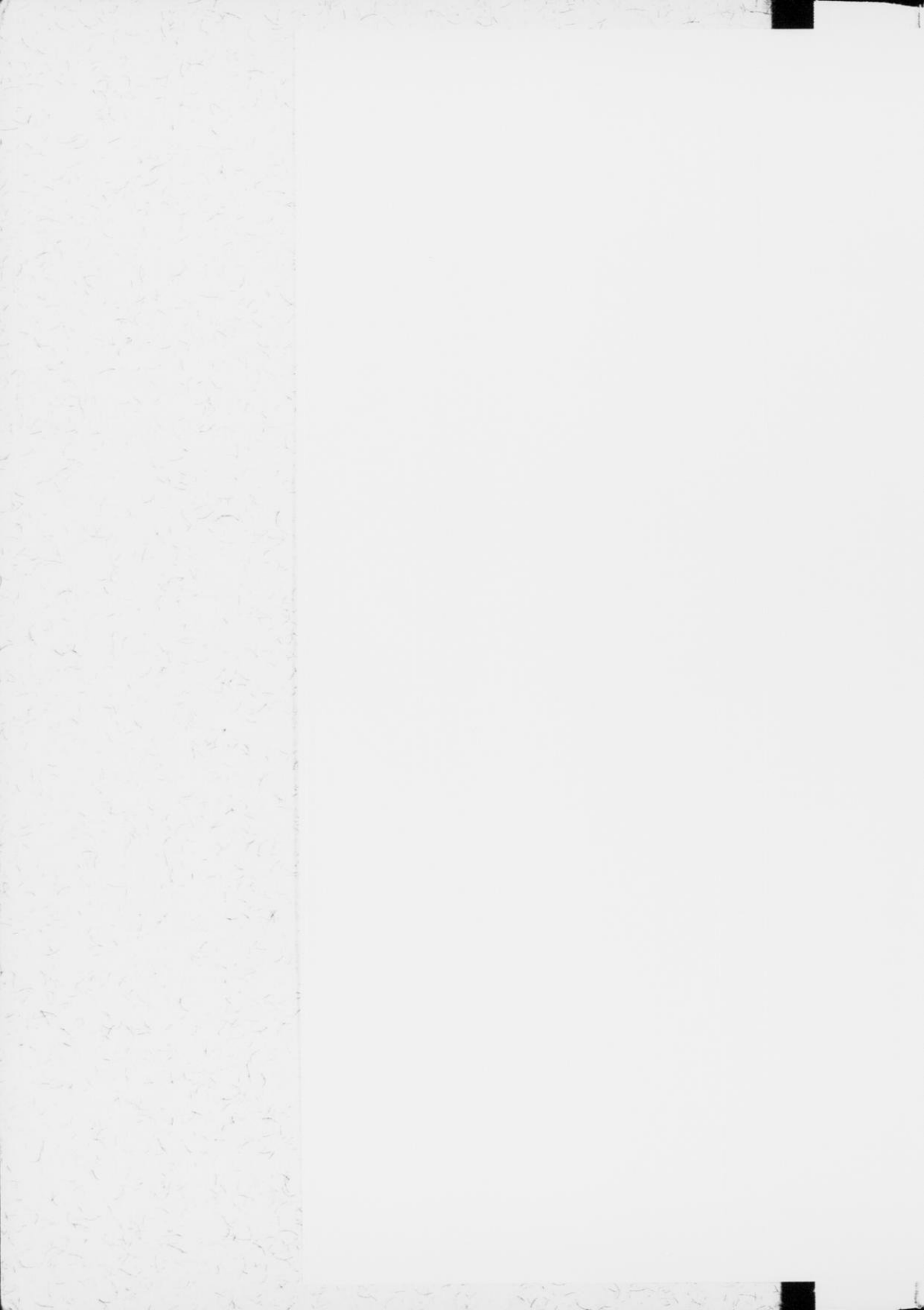
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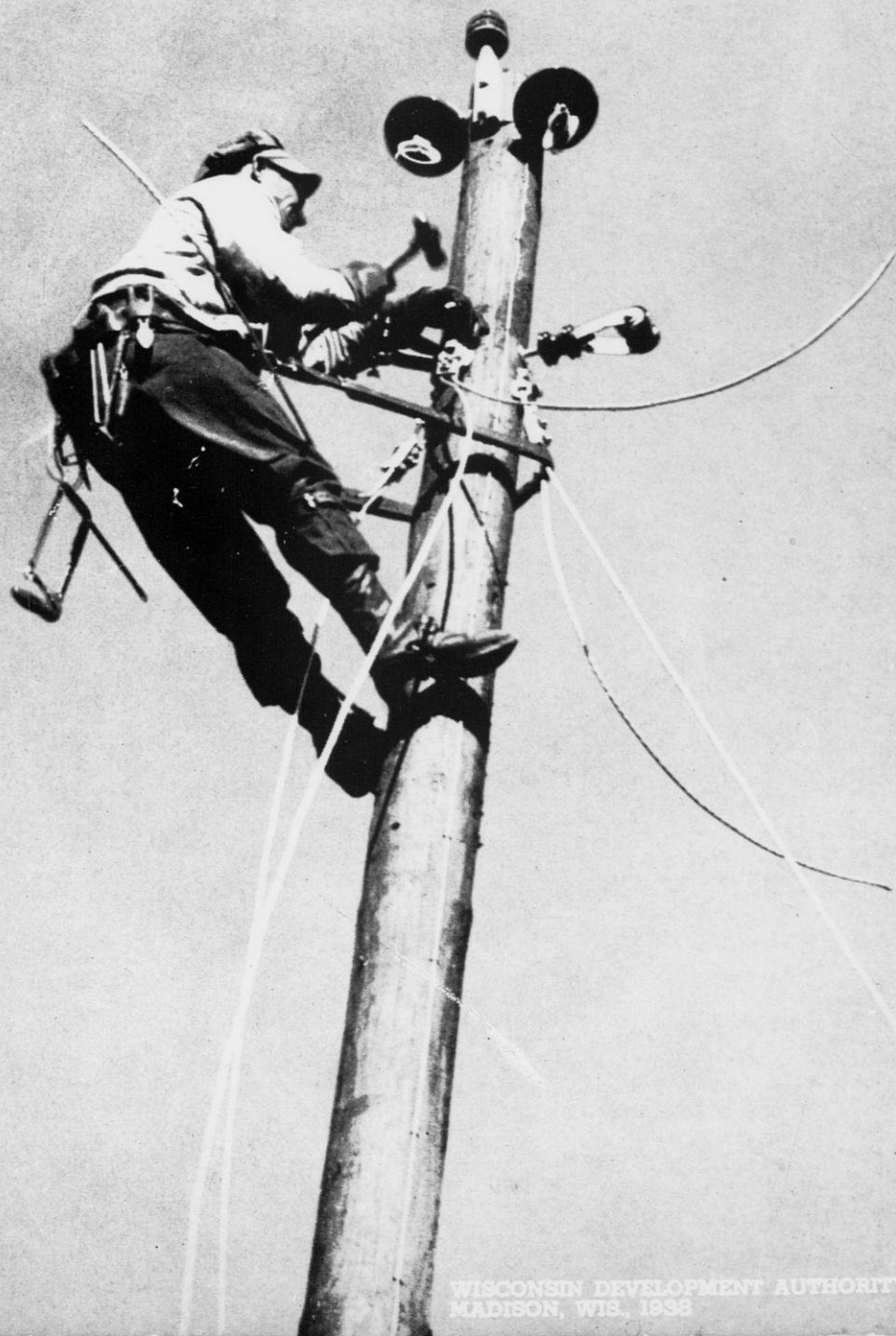
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WISCONSIN GETS A POWER PROGRAM



WISCONSIN DEVELOPMENT AUTHORITY
MADISON, WIS., 1938

*Cover photograph courtesy
of the Rural Electrification
Administration,
Washington, D. C.*

WISCONSIN GETS A POWER PROGRAM

A Story of the WDA

Wisconsin Development Authority

Madison, Wisconsin

October 1938



WISCONSIN DEVELOPMENT AUTHORITY

A Non-Profit, Non-Stock Wisconsin Corporation
A Public Instrumentality

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Officers

Charles B. Perry, President
Francis Brewer, Vice-President
Thomas F. Davlin, Secretary
Carl Fries, Treasurer

Directors

Charles B. Perry
Thomas F. Davlin
Kenneth Hones
H. W. Parisius
W. E. Rabe

Members

Charles B. Perry, Milwaukee	W. E. Rabe, Tomah
Francis Brewer, Richland Center	William Huffman, Wisconsin Rapids
Thomas F. Davlin, Berlin	Otto Hauser, Milwaukee
Carl Fries, Mazomanie	John A. Anderson, Barron
Kenneth Hones, Colfax	Harry H. Jack, Hortonville
H. W. Parisius, Barron	N. C. Anderson, Spring Valley
Ferris M. White, River Falls	

Assistant General Manager

John A. Becker

FOREWORD

Probably no recent Wisconsin legislation has aroused more public comment than the act designating the Wisconsin Development Authority, an existent non-profit, non-stock corporation, as a public instrumentality for the encouragement of a sound and economical power program. The first program of its kind to be adopted by any state, the story of the WDA since its introduction in Wisconsin's legislative halls through its tests before the Wisconsin courts records a significant achievement of state government action.

The WDA owes a tremendous debt of gratitude to the present state administration which sponsored the power act and to Wisconsin legislators and citizens whose support made the power legislation possible.

This pamphlet has been prepared with the aim of acquainting the general public with the functions and scope of the WDA. The Wisconsin Development Authority as a public instrumentality has certain duties and functions which may be engaged in pursuant to Chapter 334, Laws of 1937, as interpreted by the Wisconsin Supreme Court in its decision of June 21, 1938. "Wisconsin Gets A Power Program" reviews the scope of the WDA in the light of that decision and outlines something of the Authority's history and proposed course of action.

CHARLES B. PERRY
President

WDA OFFICERS AND DIRECTORS



FRANCIS BREWER
Vice President



THOMAS F. DAVLIN
Secretary



CARL FRIES
Treasurer



W. E. RABE



CHARLES B. PERRY
President



H. W. PARISIUS



KENNETH HONES

WDA ADMINISTRATIVE HEADS



V. M. MURRAY
Asst. Chief Engineer



JOHN A. BECKER
Asst. General Manager

ELECTRICITY

Wisconsin has thriving industries and an outstanding dairying program. To compete with other states and to attract new industries to Wisconsin, agriculture and business need cheap and abundant power.

The 1937 report of the Federal Power Commission observes significantly that the urgent problem before the power industry today is "whether it has the foresight and imagination to build and build promptly and on a large scale more generating plants to supply the rapidly increasing demands" for electricity.

In Wisconsin alone, the demand for electric service will be doubled within the next decade, according to a report of the Wisconsin Utilities Association.

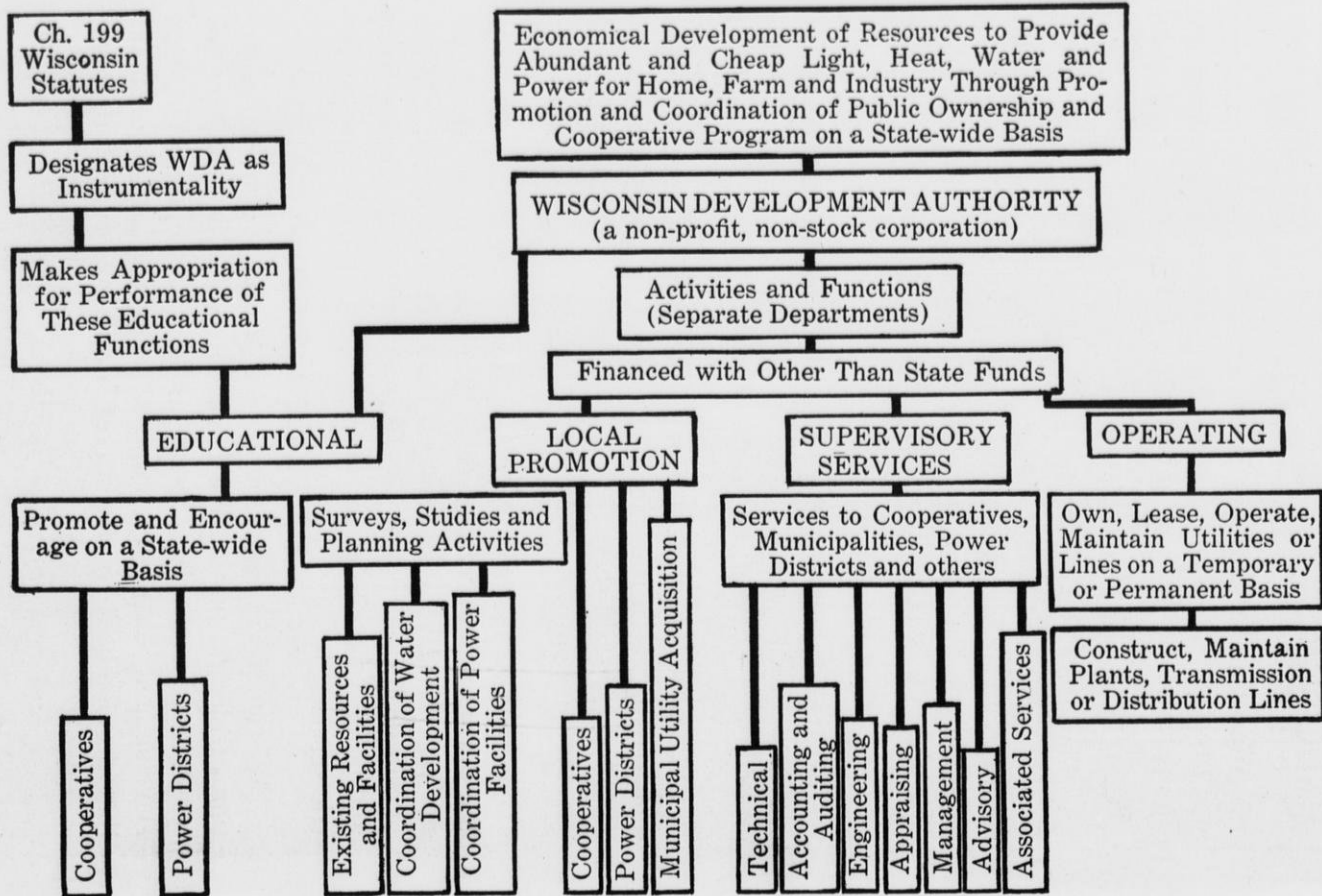
Wisconsin must act and act now if it is to meet the power demands of its citizens for this generation and the next. The WDA was established to help Wisconsin citizens in planning for the development and widespread use of electric power.

Wisconsin has no coal or oil, but water power is one of the priceless assets of the state. While water power alone cannot possibly give Wisconsin all the electricity which it needs or will need, that power can be integrated with other existing and potential facilities for more efficient and widespread electric service.

Wisconsin has the resources for greater use and conservation of electric power. We have not yet fully utilized those resources. To the full extent of its ability, the Wisconsin Development Authority proposes to promote and encourage that development in the interest of the people of our state.

JOHN A. BECKER
Asst. General Manager

Diagram of Wisconsin Development Authority



WISCONSIN GETS A POWER PROGRAM

Introduction

Most of us take electricity for granted. We accept it as part of our daily lives, and we seldom stop to think that without electricity, there would be no power in cities to feed thousands of lights in homes, offices, factories, streets and public buildings; no power to run street cars and elevators; no power for carrying telegrams or controlling traffic lights; no power for running newspaper presses or X-ray machines or motion pictures or machinery in factories or adding machines in offices; no power for operating electric stoves, refrigerators, water heaters and washing machines.

Electricity Indispensable

Electricity is indispensable for urban living. Within the last few years, electric service has been made increasingly available in rural areas, and now there is widespread recognition that electricity is necessary for agriculture—for rural farms, schools and cheese factories—as well as for urban homes and industries.

Here in Wisconsin, as in other states, there are rural areas without electric service. There are communities without reliable and cheap power facilities. *What can be done to bring cheap and abundant electricity to them?*

Cheap Power for Industry Means Low Production Costs

The cost of power is an essential factor in the cost of production that must be borne by our industries. *What can be done to supply Wisconsin industries with low-cost electricity so that they can advantageously compete with the industries of other states?*

For Agriculture—Higher Net Income

The farmer too has to figure the cost of production in marketing his products. An electrified farm can produce more eggs and more milk, more chickens and more cattle than the same farm without electricity. Wisconsin's thousands of farmers need electricity so that they can maintain the high quality of our dairy products. Running water in barns keeps cows in better condition and makes them give more milk. Electric milkers keep milk clean and save time. Properly refrigerated milk brings better prices. *What can be done to bring cheap electric service to more Wisconsin farmers who are now unserved?*

For Farm Women—Release from Drudgery

The average farm woman works 65 hours a week or more. Electricity, if cheap enough to fit the family budget, can eliminate hours of her drudgery. *What can be done to bring electricity to the farm women of Wisconsin?*

For Housewives—Easier and Better Housekeeping

New labor-saving electrical appliances can help housewives in their tasks of cleaning, washing and cooking. Wisconsin housewives can take advantage of the widespread uses of electricity if the cost of that service is low. *What can be done to bring cheaper power to them?*

These Questions Inspired the WDA

These are some of the questions in the interest of the citizens of the state that inspired the Wisconsin Development Authority.

WDA—Its Corporate Charter

The Wisconsin Development Authority was incorporated under the Wisconsin statutes in March 1937 by twelve prominent citizens—farmers, business men, lawyers and public officials. The Authority's purposes are outlined in its articles of organization filed with the Secretary of State. The most important purposes are:

1. To promote or encourage the organization of municipal power districts, electric cooperatives and non-profit corporations, and municipally owned electric plants.

2. To survey electric power resources and facilities and to make studies for their economical development, use and conservation.

3. To make surveys for the coordination of water power and fuel power developments with the regulation of rivers for water supply, navigation, flood control, soil conservation, public health, recreational and other uses.

4. To collect and disseminate information and to engage in related research, planning and educational activities.

5. To assist and cooperate with the state and federal governments and Wisconsin citizens, associations, and governmental units in carrying out its business.

6. To receive and account for any funds made available and to expend those funds lawfully.

7. To furnish technical services, such as engineering, bookkeeping, auditing, accounting and other specialized services, and to enter into contracts necessary or useful for the successful execution of its purposes.

WDA—Functions as a Public Instrumentality

The Wisconsin Development Authority law enacted by the 1937 legislature designated the WDA as a public instrumentality for carrying on certain duties and functions. The WDA obtains all of its powers from its articles of organization. As a public instrumentality, it receives a state appropriation of \$60,000 a year which may be spent for part of its functions. As interpreted

by the Supreme Court of Wisconsin in its decision of June 21, 1938, the WDA may expend its state appropriation:

1. To promote and encourage on a statewide educational basis the formation of municipal power districts, electric cooperatives and non-profit corporations.

2. To survey the state's power resources and facilities.

3. To make studies and surveys for the economical development, use and conservation of those resources and facilities toward the goal of cheap and abundant power distribution to all phases of Wisconsin life.

4. To make studies and surveys for the coordination of water power and fuel power developments with the regulation of rivers for water supply, navigation, flood control, soil conservation, public health, recreational and other uses.

5. To collect and disseminate information and to engage in research, planning and educational activities necessary or useful for the execution of its proper functions.

6. To cooperate with the federal government and its agencies in carrying on its duties as a public instrumentality.

In summary form, that is the gist of the Supreme Court decision. A more thorough discussion of WDA's functions will follow.

WDA Safeguards Interests of Citizens

In utilizing the WDA corporate structure as an instrumentality, the state has adopted efficient machinery of administration which permits close scrutiny of its activities. Checks insuring the proper use of state funds by the WDA arise out of the fact that:

1. WDA is a non-profit and non-stock corporation. No profits can accrue to the Authority's members, directors or officers.

2. All functions of the WDA are limited to the utility field. The Authority cannot engage in the grocery or oil business or any field other than power.

3. The state is not liable for any debt or obligation of the WDA.

4. The accounts and records of the WDA must be kept so as to distinguish clearly between the uses made of funds appropriated by the state and the uses made of funds derived from other sources. All disbursements of state funds must be audited by the Secretary of State.

5. The WDA must prepare and submit to the Governor an annual report of its activities performed during each fiscal year with state funds.

6. All information collected and compiled by the Wisconsin Development Authority through the use of funds appropriated by the state shall at all times be available to the public.

WDA's Objective: A Sound and Prudent Power Program

The major objective of the Wisconsin Development Authority is the development of a sound and prudent power program extending cheap and abundant electricity to Wisconsin homes, farms and industry.

Since this pamphlet is primarily concerned with the functions of the WDA as a public instrumentality, we shall consider what the Authority can do for Wisconsin in that capacity.

What Can Be Done

The Supreme Court has held that the WDA act is a "mere appropriation measure" and that the validity of the appropriation should be judged on the basis of expenditure for a state and public purpose.

For Electric Cooperatives and Power Districts

The Wisconsin Development Authority is authorized to use state funds to promote and encourage generally the organization of electric cooperatives, municipal power districts and non-profit corporations designed to enhance the economical distribution of electric energy, provided the promotion and encouragement are "of a purely educational character, statewide in scope and available to all citizens."

Justice John D. Wickhem, speaking for the majority of the Supreme Court, said that "encouragement of these projects by the dissemination of information with respect to their character, the manner in which they may be organized, the advantages to be derived from them, and the benefits which may come to the state at large, all fall within the educational field and constitute a public purpose and a proper state activity."

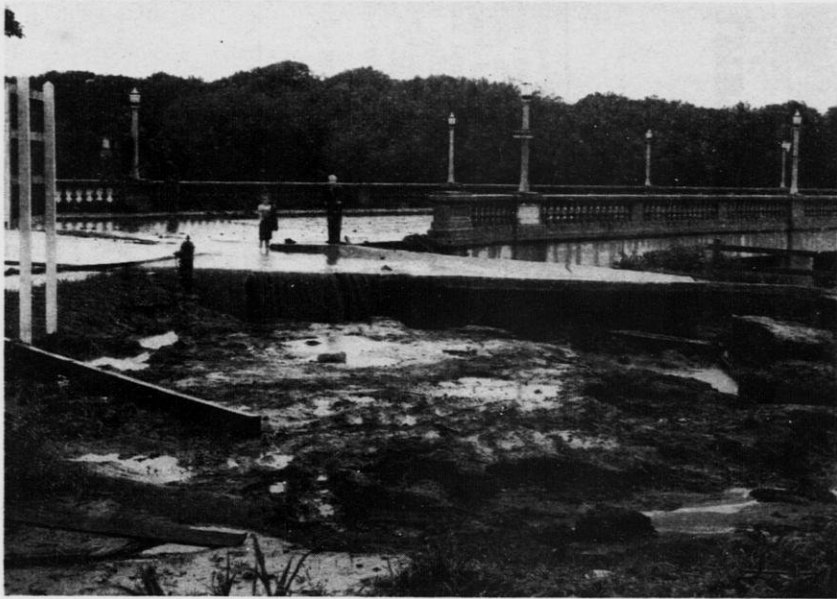
The opinion of Justice Wickhem also points out that promotion and encouragement of electric cooperatives and municipal power districts "are to be construed to authorize the encouragement of cooperatives and power districts by general educational activities of the sort permitted in the case of agricultural cooperatives but not to authorize agitation for or organizational activities directed to the creation of any particular power district or cooperative."

Cannot Encourage Acquisition of a Particular Plant

The Court has held invalid the two portions (subsections 3 and 4 of section 199.03) relating to the acquisition of particular existing plants. State funds cannot be spent for the promotion and encouragement of acquisition of particular plants by a *particular* electric cooperative, municipal power district, non-profit corporation or municipally owned electric plant.

All Other Functions with State Funds Left Intact

All other duties and functions of the WDA as a public instrumentality (outlined on page 9) were sustained in full.



RECENT FLOOD AT BARABOO

This picture tells a tragic story of waste—waste that might have been prevented by flood control.

WDA Act Meets Test of Courts

Although the WDA was incorporated in March 1937 and the state legislation selecting the Authority as an instrumentality was signed on July 1, 1937, the WDA did not open its offices until August 1, 1938.

That gap in time occurred because the constitutionality of the WDA law was challenged shortly after its enactment.

An action was started in the Dane county circuit court, and on September 12, 1937, Judge Alvin C. Reis found the WDA act valid on all disputed counts. The case was carried to the Supreme Court. On January 11, 1938, the Court found the WDA act invalid on the grounds that the act was an unconstitutional delegation of sovereign power to the corporation.

A re-hearing on the WDA case was granted by the Court, and the case was re-argued in April 1938. On June 21, 1938, the Court reversed its previous decision and held the WDA act constitutional.

WDA Constructive

Of the Wisconsin Development Authority Governor La Follette has said, "The key of the WDA is the desire of the state to have an administrative organ in which the citizenship of the state can actually participate with the administration in working out some of their problems."

The WDA has no regulatory or judicial powers. Such powers are carried out in the utility field by the Public Service Commission. The WDA is a public instrumentality devoted to advancing the best interests of Wisconsin citizens, and hence its success will to a certain extent depend on the mutual confidence and cooperation between it and the people of Wisconsin.

WDA Carefully Thought Out and Planned

Long a forerunner in constructive legislation, Wisconsin is the first state to utilize the structure of an existent corporation as an instrumentality for the development of a power program.

The WDA was carefully thought out and planned. It seeks to develop a long-needed, coordinated and intelligent power development of Wisconsin that is impossible through utilization of a state department.

The WDA proposes constructive and economical power development in the interest of Wisconsin citizens. It has no negative purposes. Its constructive purpose was crystallized by Governor La Follette in his address after signing the WDA measure enacted by the 1937 legislature:

"Let no one believe that any responsible person in Wisconsin is interested in a program that is destructive. We all want to build—not destroy. No part of this power program is aimed at injuring the honest investor of his savings. On the contrary, the rights and savings of the prudent investor are entitled to and will receive protection. Wisconsin has always stood for orderly progress and today again our state takes another important step forward. In the years to come I predict that this day will be remembered as a milestone marking the beginning of a sound and constructive program that will mean a great deal to the future prosperity of Wisconsin."

"A Better Method of Administration"

It has been pointed out that "in this complex period in which we are living, the state is warranted in finding new and better methods of administration."

Utilization of the WDA as a public instrumentality is a concrete step toward modernized and more business-like public administration. The use of the WDA, a non-profit, non-stock corporation, allows all the elasticity of private business methods, and the non-profit feature eliminates any profit evil.

Cheap Power Prompts Abundant Use

In the opening pages of this booklet, several power questions of statewide concern that inspired the WDA were outlined. There are others.

In originally granting to private concerns the authority to produce and generate electric power, various legislatures, representing their constituents, presumably intended that such power be widely distributed at the lowest pos-

sible cost still allowing a fair and reasonable profit. *Is that the practice in Wisconsin?*

What is the actual cost of generating water and fuel power in various parts of Wisconsin? How do the various wholesale and retail rates for electricity in Wisconsin stand up with the rates of other comparable states?

Why should a housewife in Green Bay pay \$4.55 for the same amount of electricity that costs a Manitowoc housewife, 38 miles away, \$2.38?

What are Wisconsin's existing and potential power resources? How can they be best coordinated to provide low-cost, reliable and abundant power for the people of the state? Can our power facilities be better coordinated to provide for related activities, such as flood control?

Are Wisconsin users of electricity paying too much for current? In regard to this question, it must fairly be admitted that no one can tell just how cheap electric rates ought to be, but experience in various parts of the country has shown that old-fashioned rates can sometimes be greatly reduced—with profit to the user as well as to the producer and distributor. The experience in those areas that have cheap power has proved conclusively that the cheaper the power, the more of it that is used.

True research into these questions and in obtaining answers on a purely factual basis will be of interest and value to the people of Wisconsin and to socially minded power companies.

Rural Electrification

In December 1934 the National Resources Board reported that while industries had almost universally adopted electricity, agriculture lagged behind because electric service was frequently unavailable: "It therefore seems necessary for the government to stimulate the extension of this service in many areas."

On the basis of this and other demands for rural electrification, the Rural Electrification Administration was established first as an emergency agency in 1935 and as a 10-year agency by the 1936 Congress for promoting the extension of rural electric service by providing loans at low interest rates.

It is interesting to note that while about 90 per cent of the power industry in the United States is controlled by private utilities, more than 90 per cent of REA loans have been made to rural electric cooperatives.

Badger Farmers Demonstrate Local Initiative

Wisconsin farmers have demonstrated their local initiative in taking advantage of the benefits of the REA act. Many of our farmers have had practical experience in the cooperative field, and they have been quick to utilize the cooperative means of obtaining electric service.

In Wisconsin

Electric Rates Today and TVA Rates

Average Net Residential Bills for 20, 40 and 100 KWH
per Month in Incorporated Wisconsin Communities
by Population Groups and TVA Rates
for Similar Service (1)

	Total Net Monthly Bill		
	20 KWH	40 KWH	100 KWH
Over 20,000 Population			
17 Wisconsin Communities Privately Served.....	\$1.44	\$2.27	\$4.08
1 Wisconsin Community Municipally Served.....	.70	1.40	2.75
TVA (including amortization surcharge).....	1.00	1.60	3.50
10,000-20,000 Population			
8 Wisconsin Communities Privately Served.....	1.42	2.20	4.01
1 Wisconsin Community Municipally Served.....	1.10	1.70	3.00
TVA (including amortization surcharge).....	1.00	1.60	3.50
5,000-10,000 Population			
14 Wisconsin Communities Privately Served.....	1.57	2.50	4.42
6 Wisconsin Communities Municipally Served.....	1.25	1.92	3.26
TVA (including amortization surcharge).....	1.00	1.60	3.50
3,000-5,000 Population			
17 Wisconsin Communities Privately Served.....	1.59	2.56	4.44
9 Wisconsin Communities Municipally Served.....	1.27	1.97	3.44
TVA (including amortization surcharge).....	1.00	1.60	3.50
2,000-3,000 Population			
15 Wisconsin Communities Privately Served.....	1.66	2.66	4.62
14 Wisconsin Communities Municipally Served.....	1.34	1.98	3.46
TVA (including amortization surcharge).....	1.00	1.60	3.50
1,000-2,000 Population			
43 Wisconsin Communities Privately Served.....	1.70	2.76	4.71
25 Wisconsin Communities Municipally Served.....	1.54	2.34	4.02
TVA (including amortization surcharge).....	1.00	1.60	3.50
500-1,000 Population			
118 Wisconsin Communities Privately Served.....	1.77	2.88	4.86
21 Wisconsin Communities Municipally Served.....	1.67	2.71	4.80
TVA (including amortization surcharge).....	1.00	1.60	3.50

(1) Net bills for Wisconsin communities are simple arithmetic averages compiled as of Jan. 1, 1938, for the files of the Wisconsin Public Service Commission.

In Mississippi (TVA Region)

Electric Rates Before and After TVA

Net Residential Bills for 20, 40 and 100 KWH per Month in the Mississippi Power Company Territory Before the TVA as Compared with TVA Rates for Similar Service in Same Territory Today (1)





	Total Net Monthly Bill		
	20 KWH	40 KWH	100 KWH
Mississippi Power Company in Alcorn County before TVA.....	\$1.70	\$2.95	\$5.35
TVA (including an amortization surcharge).....	\$1.00	\$1.60	\$3.50
Percentage Saving.....	41.2%	45.8%	34.6%


Quoted TVA rates for Alcorn county include an amortization surcharge of \$0.25, \$0.40 and \$1.00 for 20, 40 and 100 KWH respectively. This surcharge will permit customers eventually to own their own distributing utility free of debt.

The Mississippi Power Company, as well as the Alabama Power Company, Georgia Power Company, Tennessee Electric Power Company and other private companies serving the area have since reduced their rates to a level near that of the TVA.

(1) Net bills are taken from the Tennessee Valley Authority Statistical Bulletin No. IV, "Operations of the Alcorn County Electric Power Association," Chattanooga, Tenn., 1935, and from the annual operating report of the TVA for 1937.

Comparative Net Monthly Bills for 100 KWH

Mississippi Power Company's Old Rate	\$5.35	
TVA Rate (including amortization surcharge)	\$3.50	
Weighted Average 232 Wisconsin Communities Privately Served	\$4.04	
Weighted Average 77 Wisconsin Communities Municipally Served	\$3.54	



Extent of REA Program in Wisconsin

There has been substantial extension of electric service by means of REA loans in Wisconsin. Twenty-four Wisconsin projects (23 electric cooperatives and one municipally owned plant) have, up to October 1, 1938, been lent \$8,516,800 for rural electrification purposes. Of this amount, the major portion, \$7,529,100, has been allotted for the construction of 6,831 miles of rural electric distribution lines to make electricity available to approximately 21,300 previously unserved Wisconsin farm families; \$775,000 has been allocated for the construction of a cooperatively owned generating plant and transmission lines; \$184,000 has been lent to finance wiring and plumbing loans; and \$28,700 has been lent for operating loans and for the purchase of a small private plant.

Utilities Speed Up Rural Electric Service

Statistics from the Public Service Commission of Wisconsin show that private utilities in the state have expanded their rural electrification activities since 1935. While only 1,600 new rural electric customers were added by utilities in the state during 1935, new rural customers jumped to 6,300 during 1936 and to 12,600 during 1937.

According to statistics from the Edison Electric Institute, 60,477 Wisconsin farms, out of an estimated total of 197,618, were receiving central station electric service as of December 31, 1937.

Coordinating Agency Established

By executive order in October 1935 the Governor established the agency known as Rural Electrification Coordination to cooperate with the farmers of the state and the REA in Washington in securing the benefits of the REA act. The policies of the REC were guided by an advisory committee composed of representatives of the state's cooperative farm organizations, and its initial work was under the able direction of the present Attorney General.

By acting as a connecting link among farmers, county agents, legislative leaders and the REA, the REC gave effective assistance to rural communities in the state. It sent men into the field to explain the REA program to interested groups. It kept rural communities informed of rural electrification activities. It suggested legislation helpful to electric cooperatives. It cooperated with the Industrial Commission and other interested agencies in working out a unified and orderly rural wiring and inspection program.

Towards an Electrified Agriculture

It would be difficult to over-emphasize the importance of electricity for farms. If low in price and intelligently used, electricity can help the farmer concretely to raise his cash income. It can bring him running water for his home and barns, lights, refrigeration, and useful electric motors. It can bring

his wife new and better devices for cleaning, washing and cooking. It can make life more attractive for the entire farm family.

REA Program Benefits Industry

The REA program has been of real assistance to many industries. In Wisconsin alone, millions of dollars have been spent since May 1936 for construction—for labor, wires, transformers, insulators, poles and other related materials. A virtual new market has been opened up for supply manufacturers, the electric industry, and lumber companies.

Groups Cooperating with the State REA Program

The REA program in the state has been materially aided by the splendid cooperation extended by a number of groups, including farm organizations, county agents, the College of Agriculture of the University of Wisconsin, and several state departments, particularly the Highway Commission, the Public Service Commission, and the Industrial Commission.

WDA and Rural Electrification

When the WDA opened its offices on August 1, it immediately directed its attention to the pressing educational and statewide assistance needed in the field of rural electrification. The WDA has absorbed the general educational activities of the Rural Electrification Coordination and thus has the advantage of the experience of that agency in this comparatively new field.

How WDA Can Help Wisconsin Farmers

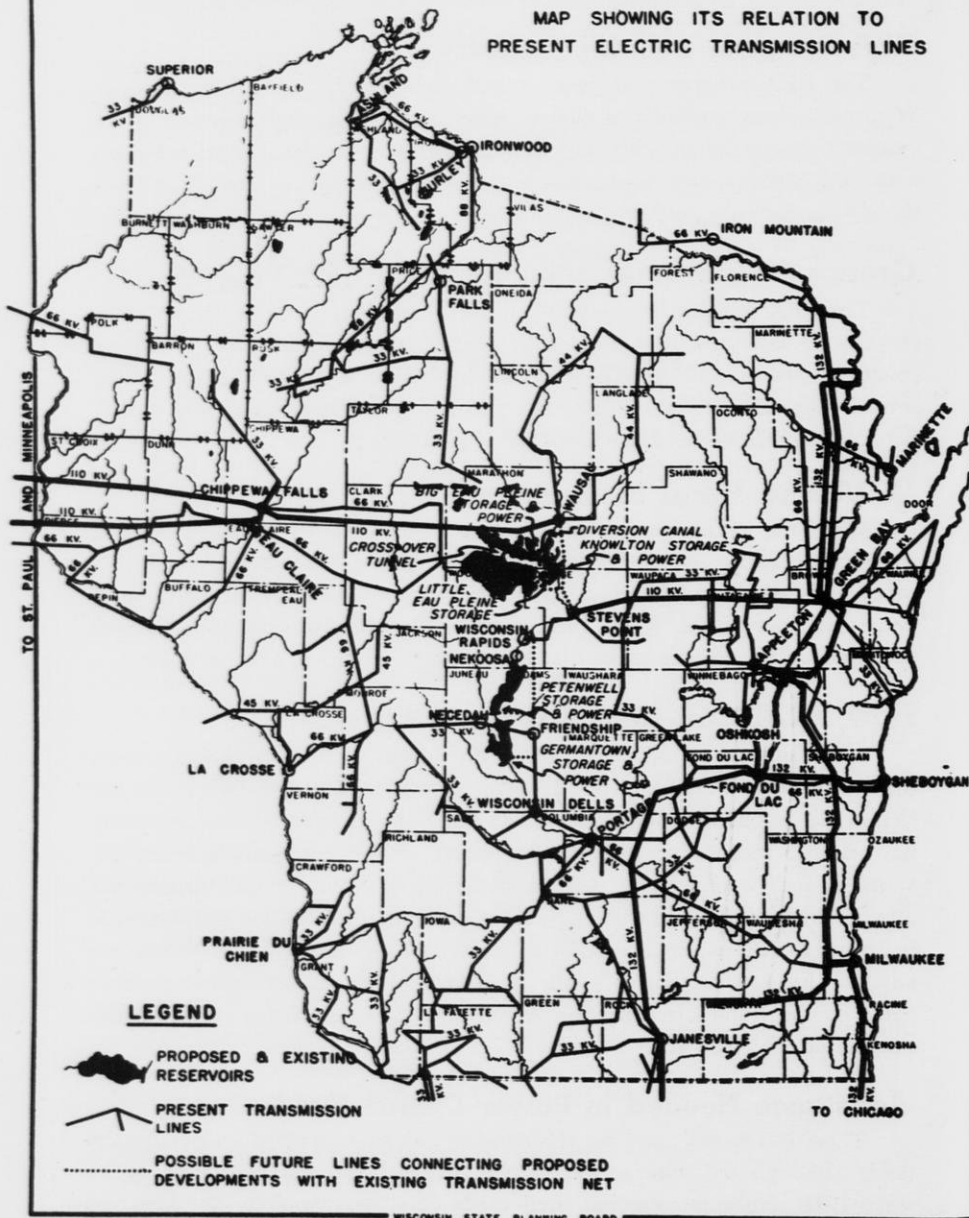
Let us suppose an interested community desires to obtain information from the WDA regarding the formation of an electric cooperative. What can the WDA as a public instrumentality do to help? It can inform that community how electric cooperatives may be organized, and it can point out the advantages and benefits to be derived from electric co-ops. It can supply any other related information that is purely educational in character and statewide in scope. Acting in cooperation with the federal government, the WDA can advise Wisconsin citizens as to the rules, regulations and procedure promulgated by the Rural Electrification Administration requisite for obtaining the benefits of the REA act.

Assistance Needed in Power District Field

There is a special need for the Authority in the municipal power district field. Although the state power district law has been on the statute books since 1931, almost no use has been made of it because there has been no central planning and guiding instrument to provide general educational assistance to Wisconsin communities.

WISCONSIN-FOX RIVERS DEVELOPMENT PLAN

MAP SHOWING ITS RELATION TO
PRESENT ELECTRIC TRANSMISSION LINES



Prepared by the Wisconsin State Planning Board, this map outlines the proposed development of the Wisconsin and Fox rivers sought by the State of Wisconsin by and through the Wisconsin Hydro Authority.

Affecting all phases of Wisconsin's economic life, this project would harness latent hydro-electric power, control floods, improve sanitation and navigation on the two rivers, create a great recreational region for Wisconsin, and provide useful emergency and permanent employment.

WDA Studying State Power Facilities

The WDA is now preparing on an elaborate scale a detailed plan for the survey of the existing and potential electrical facilities in Wisconsin with the view of forming a statewide plan for their integration and coordination. The WDA proposes to assemble existing studies of developed and undeveloped resources in Wisconsin with other studies now under way.

Conclusion

WDA's activities will be judged by the measuring rod of public opinion. While the Authority is fully cognizant of its limitations as a public instrumentality, it is confident that within the channel charted by the Supreme Court it can give extremely valuable service to the people of Wisconsin.

The door has been left open for general promotional and educational action. The Authority is proceeding carefully but persistently in its first months of operation, and it is pledged to abide strictly by both the letter and the spirit of the decision of the Supreme Court of the State of Wisconsin.

The Authority is making a thorough study of its permissible activities as a public instrumentality, and it will proceed, with the cooperation of the citizens of the state, to develop a constructive power program for the public welfare of all Wisconsin.

CHAPTER 334, LAWS OF 1937

An Act

To create chapter 199 and section 20.514 of the statutes, relating to Wisconsin development authority and making an appropriation.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. A new chapter is added to the statutes to read:

CHAPTER 199

WISCONSIN DEVELOPMENT AUTHORITY

199.01 DESIGNATION OF INSTRUMENTALITY. Wisconsin development authority, a nonstock, nonprofit corporation now in existence, is hereby designated and selected as an instrumentality for the execution of certain duties and functions provided in section 199.03; provided, that such designation and the authority conferred upon said corporation by this chapter shall terminate forthwith if the articles of organization of said corporation shall at any time be amended so as to provide profits for its members, directors or officers in any form, directly or indirectly, or so as to change the mode or manner of distribution of property upon dissolution; provided, also, that such designation and the authority conferred upon said corporation by this chapter shall terminate forthwith if the articles of organization of said corporation shall at any time authorize the corporation to engage in any activities and pursuant thereto said corporation actually does engage in any activities except those provided by section 199.03 and except also those which are part of or in connection with the acquisition, ownership, construction, operation or management of any plant, equipment or facilities, or any part thereof, for the production, transmission, distribution or furnishing of light, heat, water or power, the transmission of telephone messages, or the rendering of street or interurban railway or bus services, and the furnishing of technical, supervisory or management services therefor. The acceptance by Wisconsin development authority of any funds appropriated to it by section 20.514 shall be conclusively deemed to be its complete acceptance of the provisions of this chapter.

199.02 USE OF STATE FUNDS. Wisconsin development authority shall not use or expend any of the funds appropriated to it by the state for any activities or functions which would be repugnant to the constitution of the state if carried on by the state, but nothing in this chapter shall be construed to prevent said corporation from using or expending funds which it may derive from other sources than the state to works of internal improvement or such other lawful purposes as it may deem proper. The state shall never be liable or responsible for any debt or obligation of Wisconsin development authority.

199.03 DUTIES AND FUNCTIONS OF WISCONSIN DEVELOPMENT AUTHORITY.

Subject to the provisions of section 199.02 Wisconsin development authority shall use and expend the funds appropriated to it by section 20.514 solely for the execution of the following duties and functions:

- (1) To promote or encourage the organization or creation of municipal power districts in the state under chapter 198;
- (2) To promote or encourage the organization or creation of cooperative associations and nonprofit corporations to engage in the production, transmission, distribution or furnishing of light, heat, water or power, or the rendering of street or interurban railway or bus services;
- * (3) To promote or encourage the acquisition, ownership, construction, operation or management of any plant, equipment or facilities, or any part thereof, for the production, transmission, distribution or furnishing of light, heat, water or power, or the rendering of street or interurban railway or bus services, by any cooperative association or nonprofit corporation, or any group or combination of cooperative associations or nonprofit corporations;
- * (4) To promote or encourage the acquisition, ownership, construction, operation or management of any plant, equipment or facilities, or any part thereof, for the production, transmission, distribution or furnishing of light, heat, water or power, or the rendering of street or interurban railway or bus services, by any of the cities, villages, towns, municipalities, municipal power districts, or other political or governmental units of the state, or any group or combination thereof;
- (5) To survey the resources and facilities, existing and potentially available, for the production, transmission, distribution and furnishing of light, heat, water and power in the state; to make studies and surveys for the economical development, use and conservation of such resources and facilities as will best provide an abundant and cheap supply of these essential services for industrial, agricultural, commercial, governmental, transportation and domestic purposes; and to make studies and surveys for the coordination of water power and fuel power developments with the regulation of rivers by storage or otherwise for water supply, navigation, flood control, soil conservation, public health, recreational and other uses;
- (6) To collect and disseminate information and engage in research, planning and educational activities necessary or useful for the execution of its duties and functions under this section;
- (7) To cooperate with the federal government and its agencies in the execution of its duties and functions under this section.

199.04 INFORMATION, ASSISTANCE, ADVICE AVAILABLE TO WISCONSIN DEVELOPMENT AUTHORITY. In the performance of its duties and functions under section 199.03 Wisconsin development authority shall have access to all available information collected by any department of the state and may call upon the public service commission to obtain further information. The public service commission is hereby authorized to gather such information under section 196.02. The governor may direct that assistance and advice be given said corporation in the performance of its duties and functions under section 199.03 by any officer, agent or employe of any department of the state.

199.05. ACCOUNTS AND RECORDS. The accounts and records of Wisconsin development authority shall be so kept as to distinguish clearly between the uses made of funds appropriated by the state and the uses made of funds derived from other sources, and all disbursements of funds appropriated by the state shall be audited by the secretary of state in the manner provided by law.

199.06 ANNUAL REPORT. Wisconsin development authority shall prepare and submit to the governor at the end of each fiscal year a report of its activities during that year performed with funds appropriated by the state.

199.07 SEVERABILITY OF PROVISIONS. If any provision, sentence, clause or word of this chapter or the application thereof to any person or circumstance shall be held invalid, the remainder of this chapter and the application of such provision, sentence, clause or word to other persons or circumstances shall not be affected thereby.

SECTION 2. A new section is added to the statutes to read: 20.514 WISCONSIN DEVELOPMENT AUTHORITY. There is appropriated from the general fund to Wisconsin development authority, a Wisconsin corporation, on the effective date of this section ten thousand dollars and annually thereafter, beginning July 1, 1937, sixty thousand dollars for the execution of its duties and functions under section 199.03.

SECTION 3. This act shall take effect upon passage and publication.

*The Wisconsin Development Authority may not expend state funds in performance of activities outlined in these subsections. *State ex rel. Wisconsin Development Authority v. Dammann*, (on re-hearing), ---- Wis. ----, 280 N. W. 698, 710 (1936).



W D A

"The use of electric energy . . . has become so essential in the industrial, commercial, agricultural, transportation and domestic activities of everyday life, and to the economic well-being and general welfare of the people of this state, that it has come into the category of public necessities and the statewide distribution thereof at the lowest possible reasonable cost can rightly be considered a matter of public concern and clothed with a public interest."

Supreme Court of the
State of Wisconsin
June 21, 1938

June 27, 1954

Dear Mr. [Name]

Dear Mr. [Name]

I have been following you for some time and am interested in your work. I have been thinking about you for some time and am interested in your work. I have been thinking about you for some time and am interested in your work.

I have been following you for some time and am interested in your work. I have been thinking about you for some time and am interested in your work. I have been thinking about you for some time and am interested in your work.

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C O P Y
WISCONSIN DEVELOPMENT AUTHORITY
TENNEY BUILDING
MADISON
June 27, 1939

To His Excellency, Julius P. Heil
Governor of Wisconsin
State Capitol
Madison, Wisconsin

Dear Governor Heil:

Chapter 15 of the Laws of 1939, which became effective on March 22, 1939, repealed Chapter 199 of the Wisconsin Statutes relating to the Wisconsin Development Authority.

However, since Section 199.06 provided that the Wisconsin Development Authority "shall prepare and submit to the governor at the end of each fiscal year a report of its activities during that year performed with funds appropriated by the state", we are herewith submitting a report of the Authority's activities as a public instrumentality from July 1, 1938, through March 21, 1939.

During its complete period of operation as a public instrumentality, the Authority expended \$31,412.61 of its appropriation from the state. In that period the Authority was entitled to expend \$45,000 of its annual appropriation of \$60,000. The unspent remainder, \$28,587.39, reverted to the general fund of the state treasury.

As of March 21, seven employees were employed full-time in the Authority's work as a public instrumentality; three were employed part-time in that capacity; and fifteen employees divided their time between the public and special activities of the organization.

The Authority's activities as a public instrumentality may be broken down into educational and promotional assistance and research.

Educational and Promotional Assistance: When the Authority began operation on August 1, its attention was directed to rural communities desiring to secure the benefits of the federal Rural Electrification Administration Act whereby funds may be borrowed for the construction of rural electric lines.

At the request of interested groups, the Authority advised rural residents as to how electric cooperatives may be organized and as to the requisite procedure for obtaining the benefits of the federal REA Act. This educational and promotional assistance of a statewide nature was rendered by three full-time educational advisors working in the field, by correspondence, and by conferences with WDA staff members. This type of assistance was rendered to rural communities in Adams, Marquette, St. Croix, Washburn, Wau-paca, Rusk, Wood and Shawano counties.

During the eight months that the Authority functioned as a public instrumentality, more than \$4,000,000 in REA funds was allocated to Wisconsin electric cooperatives to finance the construction of more than 3,000 miles of rural electric distribution line. By mentioning this figure the Authority in no way means to imply that it was responsible for these loans. However, by acquainting interested groups with the provisions and requirements of the federal REA act, the Authority speeded up the progress of the Wisconsin rural electrification program.

In its educational and promotional activities, the Authority cooperated fully with the federal government. The Authority worked closely with the federal Rural Electrification Administration in coordinating the Wisconsin program and in keeping interested communities informed of rural electrification matters. The Authority also extended its full cooperation to the Federal Power Commission and to the War Department in their study of power shortage that might exist in the event of a war or other emergency involving this country.

The WDA held numerous conferences with representatives of Wisconsin electric cooperatives to discuss rural electrification problems of a statewide nature. The Authority also conducted a round-table conference with the Power Committee of the Wisconsin Municipal Utilities Association regarding proper assistance which the WDA might render to municipal utilities and was called in by a number of municipalities to confer on general power problems.

To explain the duties and functions of the Authority, a bulletin entitled "Wisconsin Gets A Power Program" was printed for distribution to Wisconsin citizens interested in learning of the Authority's work.

Research: One of the chief research studies made by the Authority was an investigation of the taxes paid by all types of power units in the state. At the request of the Rural Electrification Administration, special emphasis was placed on rural electric cooperatives; to comply with this request, the Authority made an intensive field investigation in assembling data.

The purpose of the Authority's tax study was to make a hitherto unavailable comparison of the proportionate taxes borne by electric cooperatives, municipally-owned utilities and private power companies. The study compared the taxes paid by the various electric agencies in relation to gross operating revenue, capitalization and kilowatt-hour sales. Results of the tax research were instrumental as factual data prompting the drafting of Chapter 132 of the Laws of 1939.

Another research activity of the Authority was the compilation of a rate bulletin containing the residential electric rates of all incorporated Wisconsin communities with a population of more than 500. This booklet was made available for general distribution in handy mimeographed form.

The Authority also compiled rural retail electric rates in effect in Wisconsin, but curtailment of state funds prevented publication of them for general distribution.

To acquaint the general public, especially municipal and county officers, with the municipal power district law and procedures to be followed in the organization of municipal power districts, a power district pamphlet was prepared and mimeographed by the Authority.

Considerable progress was made in a field survey of all existing and potential power facilities in the state. If this study had been completed, the Authority contemplated the preparation of a county power atlas for all Wisconsin counties.

Preliminary analysis was made of a number of other studies, but they, like the investigation of Wisconsin's power resources, were not completed because of the curtailment of the state appropriation. These studies included:

1. Study of the possible integration and coordination of the state's power resources.
2. Study of rural electric line standards consistent with modern engineering practices.
3. Study of Wisconsin water resources with the objective of formulating a statewide plan regarding hydro-electric power, soil conservation and flood control.
4. An analysis of power as a factor in the production cost of industry.
5. Study of effective load building methods.

Very truly yours,

John A. Becker
General Manager