The Rural Electrification Authority was established by the General Assembly in 1935 for the purpose of obtaining electrical service for the districts of the state where service was not obtainable. The Authority was empowered to investigate applications from communities not served, to conduct surveys, to negotiate with power companies, to arrange for the extension of service, to estimate cost of service, to estimate service charges, and to call upon the Utilities Commission to establish rates and to require extension of lines by privately-owned power companies. The Authority was given the power of eminent domain, the right and authority to obtain assistance from the United States Government, the right to investigate applications to form electric membership corporations and to act as agent for such corporations. No authority was given the REA to fix rates or to require line extensions, but such powers were granted to the Utilities Commission. (P.L., 1935, c. 288)

The General Assembly of 1935 also provided for the formation of non-profit electric membership corporations, applications for which were to be filed with the REA. (P.L., 1935, c. 291)

In 1945, the General Assembly authorized the Rural Electrification Authority to assist rural communities in securing telephone service from telephone companies serving these areas. Telephone membership corporations, similar to electric membership corporations, were authorized where privately-owned service could not be obtained. (P.L., 1945, c. 853)