

## CEC refunding \$1.5 million in capital credits

Last year, CEC refunded \$1 million in capital credits for patronage in 1990 and a portion of 1991. At the March meeting, Citizens' Board of Directors voted to refund an additional \$1,500,000 for capital credits accrued in 1991.

***Therefore, if you had active electric service with CEC in 1991, you will be receiving a credit on your electric bill that arrives after May 16.*** The amount of the credit depends on the amount of electricity you purchased during 1991. The average residential member (who used around 11,000 kilowatt hours that year) will receive a credit of approximately \$40. Capital credit refunds will be mailed to inactive members who had CEC service in 1991. The Corporation will save thousands of dollars in postage and administrative costs by only mailing checks to inactive members.

As capital credits are retired, checks are mailed to the last available address for inactive accounts. Therefore, it's important that you keep CEC updated with your mailing address, if you move outside of our service territory. Capital credits that are unclaimed two years after the retirement date are considered donated capital and are reassigned as current year margins.

Over the past 17 years, CEC has refunded a total of more than \$19.1 million to its members. That's the cooperative difference.

### *What are capital credits?*

Since CEC conducts business as a not-for-profit cooperative, revenue that exceeds expenses (margins) is allocated (assigned) annually proportionate to the amount of electricity each member purchased. These credits are retired (refunded) at the sole discretion of the Board of Directors whenever doing so will not cause financial harm to the Corporation.

Capital credits are not like a savings account, but rather a form of equity in hard assets such as poles, wire, trucks equipment and buildings – not necessarily in cash. These credits only become a liquid asset to members as the board approves retirements for specific years.

### *How does CEC pick what years to refund?*

Retirements are done on a rotation basis where the oldest capital credits are paid out first. In the cooperative world, this is known as FIFO (first in and first out). Citizens Electric has retired margins up to and including a portion of 1991.