

Capital Credits: Money Returned to Cooperative Members



One of the benefits of being a cooperative member is sharing in the margins (profits) of the cooperative. Money earned by the cooperative in excess of expenses is known as margins, and the money set aside for return to members is known as patronage capital credits.

How does the allocation process work?

At the end of each year a percent of the margins are allocated (assigned) to members based on the amount of energy they purchased from SSVEC throughout that year. This means the total sales of kilowatt hours is divided into the total dollar margins. Each member's share in dollars and cents is entered on the books of the cooperative. The capital credits amount is proportional to the energy purchased in kilowatt hours. If you use twice the energy during the year compared to your neighbor, your share would be twice your neighbor's amount.

Each member's capital credits account is updated yearly. These margins help pay for the operation of the cooperative and assist in paying the expenses as the cooperative grows without having to borrow additional funds. Capital credits do NOT earn interest and cannot be withdrawn at a member's discretion. In addition, as these capital credits remain on the books of the cooperative, it increases the members' equity (ownership) of SSVEC.

How are capital credits retired and returned to members?

Each year, the SSVEC Board of Directors reviews the financial status of the cooperative and analyzes the accumulated capital credits. It is their decision whether capital credits will be retired based on the cooperative's equity. They also determine the total amount to be retired to members and the method of retirement. The most common way to retire capital credits is FIFO (that is, first in, first out). In this method, the oldest accumulated capital credits are selected for return. This year \$2,322,219.97 of capital credits earned in 1990, 1991 and 1992 will be retired and returned to members who had service with SSVEC during those years.

Members with active or inactive accounts, whose capital credit retirement was at least \$20 receive a check in December. Members with an active electric account who had a capital credit retirement less than \$20 will see that amount credited on their November/December 2018 electric bill.

Please note

Because of the lag time between allocation and retirement of capital credits, it is very important for members who close their SSVEC accounts keep the cooperative informed of their mailing addresses. That way they will receive their capital credits when the cycle for return occurs.

If you have additional questions, please contact (520) 515-3468 or capcredit@ssvec.com.

\$2,322,219.97 is being returned to members!

If you had electric service with SSVEC during 1990, 1991 and 1992 you may see a credit on your November/December electric bill for return of capital credits. If the amount of the return is \$20 or more, you will be issued a check sent directly to your last known address.

In addition, you'll see an allocation for 2017 capital credits. This is your share of the 2017 margins, which has been entered on the books of the cooperative. This share will be refunded at a later date to be determined by the SSVEC Board of Directors.



Sulphur Springs Valley Electric Cooperative, Inc.

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