

smart questions **Capital** answers co-op credits

What are capital credits?

Because Mt. Wheeler Power is an electric cooperative, owned by its members, it does not earn profits. Instead, any revenues over and above the cost of doing business are considered margins. These margins represent an interest-free loan of operating capital by the membership to the cooperative. This capital allows Mt. Wheeler Power to finance operations and to a certain extent construction, with the intent that this capital will be repaid to member-owners in later years.

What's the difference between *allocated* and *retired* capital credits?

Allocated capital credits appear as an entry on the permanent financial records of Mt. Wheeler Power and reflect your equity or ownership. When capital credits are retired, a check is issued to you and your equity in the association is reduced.

How often will I receive an allocation notice?

Member-owners will receive an allocation notice annually after the finances for the previous year have been audited. Normally, this will be listed on a monthly statement following the allocation.

What do I have to do to start accumulating capital credits?

Capital credits are calculated by Mt. Wheeler Power for everyone who purchased electricity during a year in which the utility earned margins. No special action is required to start a capital credits account. Your Mt. Wheeler Power membership activates your capital credits account.

How are capital credits calculated?

The amount of capital credits you earn in a given year is based on the amount of electrical services you buy. This is considered the amount of patronage you contribute. The sum of your monthly bills for one year are tallied to establish the percentage that determines your capital credits. The more electric services you buy, the greater your capital credits account will be. The percentage used to establish capital credits will be the same for all member-owners regardless of how much they contribute.

What percent of my bill is returned as capital credits?

The percentage of your total payment that is allocated as capital credits varies every year, depending on the success of the cooperative. Capital credits are only allocated for a year in which Mt. Wheeler Power earns margins. Since capital credits are a member's share of the



Mt. Wheeler Power employees take great pride in the valuable, efficient and safe service they bring to members.

margins, no credits are allocated for a year with no margins.

Do I have to be a customer for an entire year to earn capital credits?

No. Capital credits are calculated based on a member's monthly bills. If you are billed for service for even one month, you will accumulate some capital credits, if Mt. Wheeler Power earned margins that year.

Can I use the capital credits I have allocated to pay my electric bill?

No. Allocated capital credits may not be used to pay current bills. Your electric bill is due now, whereas you may not be paid your capital credits for many years.

money refund allocation save
member equity **CO-OP** margins power smart economical