

# Capital Credits



One of the many benefits of being  
a member of East Central Energy  
is sharing in its success.



*ECE is an equal opportunity provider and employer.*

*Rev. 09/21*



## WHAT ARE CAPITAL CREDITS?

As a member of East Central Energy (ECE), you share in our success through capital credits.

According to our bylaws, revenues that exceed expenses will be used as working capital. A large portion is used to invest in infrastructure for reliable service, reducing the need to borrow money from other sources. Capital credits are allocated to you each year based primarily on your kWh use and cost of basic service charges. The allocated dollars are put into your capital credits account.

We retain these patronage margins for a period of time (as determined by the board of directors) as working capital to keep the cooperative financially sound and to allow for emergencies. If these funds were not available, it would be necessary to borrow an equivalent amount of money. The added expense of borrowing this money would increase our overall costs, which in turn would increase the electric rates to you. Therefore, the capital credits program benefits all members by keeping costs and electric rates down.

## HOW ARE CAPITAL CREDITS DISTRIBUTED?

If finances permit, we return capital credits to members. The decision is made by the board of directors after a thorough examination of the co-op's financial position. Most members who have been with the cooperative for more than one year will receive a capital credits payout in the form of a credit on their bill. This is designated as a "CAPITAL CREDITS PAYOUT" line item on your bill statement. Former members receive their capital credits payout by check.

## KEEP US INFORMED OF ADDRESS CHANGES

Former members continue to receive payouts until their capital credits balance is zero. If you move out of our service area, please keep us informed of your current address so we can send your payout.

## UNCLAIMED CAPITAL CREDITS

In spite of our efforts to keep current addresses for past members, some checks are returned by the postal service without a forwarding address. In these cases, we make several attempts to locate the member or estate representatives. State statutes are followed. If after an extended period of time, the member cannot be located, the majority of the unclaimed capital credits are placed in a scholarship fund. Scholarships are distributed by schools within our service area to students who are furthering their education at an accredited institution.

## DO I NEED TO REPORT CAPITAL CREDITS ON MY INCOME TAXES?

In most cases you do not have to report your capital credits payout on your income taxes. However, if you have questions concerning your specific tax liability, contact the IRS or your tax preparer.

**If you have any questions regarding capital credits, call 1-800-254-7944 or visit [eastcentralenergy.com](http://eastcentralenergy.com).**