

UNDERSTANDING CAPITAL CREDITS



One of the things that make Chippewa Valley Electric Cooperative (CVEC) different from an investor-owned utility is that Chippewa Valley Electric is not in business to make a profit. We exist to serve our members. This month, CVEC is pleased to return over \$500,000 in capital credits to more than 6,400 members.

What are capital credits?

You, the members, are the owners of your electric cooperative, and capital credits reflect your ownership in the cooperative. As you pay for your energy, CVEC utilizes the revenue to grow, operate, and maintain a safe and reliable energy system. Any money that is earned over and above the costs of doing business is called margins. Your portion of allocated margins is then returned to you in the form of capital credits.

Capital credits are the most significant source of equity for most cooperatives. They are similar to the dividends that investor-owned utilities pay to their shareholders except that CVEC “dividends” go back to the member/owners.

How does a member get capital credits?

When a member of CVEC begins purchasing electricity, they get two accounts—a billing account and a capital credit account. The capital credit account is specific to you and your spouse, if married. Regardless of how many times you move or how many billing accounts you may have, you have one capital credit account that stays with you. Each year CVEC margins are allocated back to the members. Your share is deposited in your capital credit account for that year.

How are year-end margins allocated?

At the end of each year CVEC divides the dollar value of that year’s margins by the amount of total revenue collected during the year. This is the “allocation factor.” The allocation factor is then multiplied by the amount of revenue each member contributed during that year. This is your share of the margins—or your capital credit allocation—for that year.

When do I get my capital credits?

Even though CVEC allocates capital credits to members each year, the money is not paid out right away. The money is used for a number of years for the following purposes:

- to increase equity, giving the cooperative more borrowing power
- to avoid borrowing money as much as possible
- to have reserves in case of an emergency

The board of directors reviews Chippewa Valley Electric’s financial condition annually and then decides whether to retire

capital credits. The board’s goal is to keep capital credit retirements within a 25-year rotation.

How do I get my capital credits?

If the amount of your retirement in a given year is more than \$50, a check will be sent to the last valid address we have on file. Members with a retirement amount of \$50 or less will see a credit to their electric bill. The checks are printed and mailed from La Crosse and cannot be picked up from our office in Cornell.

What if I no longer have electric service with CVEC?

If you move or no longer have electric service with Chippewa Valley Electric Cooperative, it is important to keep your address current with our office so that future disbursements can be properly mailed to you. Capital credits are reserved for members even if they move out of the CVEC service area. CVEC will make a diligent effort to send your check.

What happens to the money when the member can’t be located?

Capital credits become “unclaimed” when CVEC is unable to locate the member after five years. Unclaimed funds, as allowed by state law, are placed in an account with Federated Youth Foundation. The money in that account can only be used for education or charitable purposes. Annually, CVEC funds scholarships for member students pursuing higher education.

How much has Chippewa Valley Electric paid in total capital credits refunds since it began in 1937?

Nearly \$13 million.

Are capital credits paid out in any way besides normal retirement?

There is only one situation that allows capital credits to be paid out early but at their net present value. A person would not receive the money at full value because it is being retired much earlier than normal.

- An estate payout to the spouse or heir of a deceased member.

If you would like to know more about capital credits, please contact Chippewa Valley Electric at 715.239.6800.



OCTOBER IS CO-OP MONTH!



Wisconsin was one of the first states to enact a law authorizing cooperatives in 1887. Today it is one of the top cooperative business states in the nation. More than 700 Wisconsin-based cooperatives serve a collective 3 million member-owners.

CREDIT UNIONS are owned by the people who use their products and services. In 2015, Wisconsin credit union members saved more than \$121 million by choosing to do business with a financial cooperative.

DAIRY cooperatives market about 80 percent of the milk and process 60 percent of the cheese produced in the state. Three of the top 10 producing dairy cooperatives in the nation are headquartered in Wisconsin.

ELECTRIC cooperatives serve farms, homes, and businesses across rural Wisconsin. In response to memberowner demand, they have become renewable energy leaders among Wisconsin utilities.

FARM CREDIT financial institutions provide the majority of agricultural lending services for farmers. Wisconsin is home to four Farm Credit cooperatives.

FOOD cooperatives are driven by local consumer demand. Co-op conversions in rural and underserved areas in Wisconsin are helping keep grocery stores open and healthy options more readily available.

LIVESTOCK AND GENETICS cooperatives have attracted a large international market to Wisconsin. Two of the nation's top five cattle breeding cooperatives are headquartered in the state.

MUTUAL INSURANCE companies have provided low-cost services and kept premium dollars in the local economy for over 140 years. Today, they provide property insurance to approximately 100,000 residents.

GRAIN, FARM SUPPLY, AND FUEL cooperatives pool purchasing power to drive down costs and create better market opportunities. Co-ops have proactively invested in infrastructure and new technology to improve access.

HOUSING cooperatives offer affordable options in high-cost areas. There are more than 50 registered housing cooperatives in Wisconsin.

HEALTH CARE cooperatives provide a mix of local clinics, services, and insurance. Three cooperatives are among Wisconsin's top 10 health care plans based on clinical quality and member satisfaction.

PROCESSING AND MARKETING co-ops focus on maximizing profit for their farmer-members. Wisconsin is home to CROPP Cooperative, the largest organic farming co-op in the world, better known as Organic Valley.

TELECOMMUNICATIONS co-ops were created to provide quality, affordable communications service in mostly rural areas. They have been pioneers in bringing broadband to Wisconsin's underserved communities.



The Seven Cooperative Principles

Voluntary & Open Membership • Democratic Member Control
Members' Economic Participation • Autonomy & Independence

Education, Training & Information • Cooperation Among Cooperatives • Concern for Community

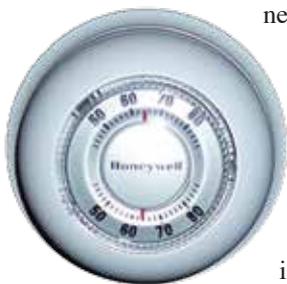


CO-OP MONTH 2016

REMEMBER TO REPLACE YOUR THERMOSTAT BATTERIES

You don't want to be without heat on cold winter days. Thermostats with dead batteries will not allow your heating unit to operate. If you are wondering if your thermostat even has batteries, here is some information that you will find helpful:

Round Honeywell Thermostats Round Honeywell thermostats (Model T87) do not require batteries whether they are the older gold models or the newer white models. The old models worked by turning the dial, which causes mercury in a tube to make a connection between the two wires and activate the burner. It's a simple system with no extra frills that require no additional electricity. This type of thermostat is pictured at left.



Digital Honeywell Thermostats The newer Honeywell thermostats are now digital and require additional electricity, but they get it from the control on the burner and not from batteries. (It is not possible to use this type of thermostat with all oil burner controls because some of them do not have a transformer for sending voltage back to the thermostat.) See the picture of a digital Honeywell T87 thermostat at right.



Digital Thermostats with Batteries Thermostats that do require battery power such as the one shown here are usually rectangular and digital. You can see that there would be room for usually two AA batteries within. It is a simple matter to check for batteries by prying the cover off from the base. Many digital thermostats will have a reading that shows what the life of the battery is on the screen. If you don't know how to access this information, read the paperwork provided with the thermostat. If you do not have this paperwork, go to the manufacturer's website and they will have it there for the model of your thermostat.



Save the Cost of a Service Call!

We recommend that you pass along this information to friends and family and save them from having to pay for a service call. Sometimes if you have no heat, the solution can be as simple as replacing the batteries in your thermostat. So please help your family, friends, and neighbors stay warm by reminding them of the simple act of checking and/or changing the batteries in their thermostats. Stay warm!—Bob LaFlamme

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UNDERGROUND SERVICE DEADLINE OCTOBER 15

When the ground freezes in Wisconsin, all underground cable construction comes to a halt until the spring thaw. If you have construction plans that are not already scheduled, call Chippewa Valley Electric Cooperative TODAY! We will do everything possible to meet your construction needs and install your electrical service before winter. However, all preliminary requirements must be met by October 15 to guarantee underground work. After October 15, we cannot guarantee service installation before the ground freezes. Once the ground freezes, it will be too late to install the underground service you were hoping to have this fall.



We have expanded our Med-A-Lert offerings to better meet the needs of our clients!

Today we are introducing three new offerings to our Med-A-Lert service.



Med-A-Lert in case of emergency

We still have our **Basic** package, with Linear equipment, tried and true, and only **\$25/month**.



We have added an option with **Fall Detection**. We still use the Linear system, but have added a pendant that has a Fall Detection feature. The Linear system with Fall Detection is only **\$27/month**. This pendant is water resistant (not waterproof as with the Basic package), and has a replaceable battery.



Two-way voice is now an option with our **Enhanced** system. This system has all the features of our Basic package, but in addition allows you to communicate with the Response Center directly via the pendant. This is a great option for those who are frequently outside of the home, gardening, doing yardwork, or even going to the mailbox. A spare rechargeable battery for the pendant is kept charged in the base unit. The Enhanced system is only **\$30/month**.

All of the above systems have the basic requirements: Working landline phone jack & power receptacle

Complete mobility is available for the active individual with the **mobile mySHIELD** option. The mySHIELD is a cellular device, about 2 inches square. Pressing the alert button on the unit immediately puts you in direct contact with the Response Center. Your location is sent along with the call. Alerts can be sent as a text message to a number you choose to notify of an event, low battery, or power on/off. The cellular service provider is Verizon. The mySHIELD is an option wherever there is reliable Verizon cellular coverage. The mobile system is **\$35/month**.



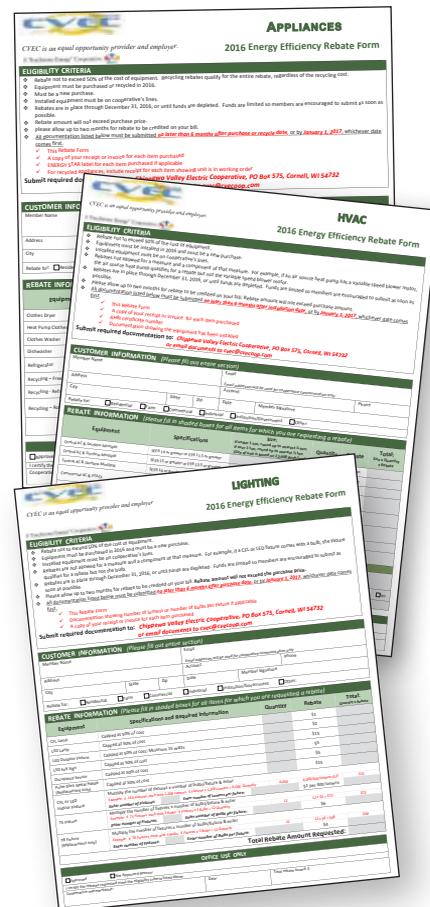
Installation is available with all of our systems for a one-time fee of \$38.50. During the installation we will review all of the features of the system, place a test call, and verify the list of responders.

CALL TODAY - 715.239.6800 or 800.300.6800

REBATE REMINDER

Chippewa Valley Electric Cooperative reminds members that there are a variety of rebates available. Rebates are in place through December 31, 2016, or until funds, by incentive or in total, are depleted.

Please submit rebate requirements as soon as possible to ensure that you can take advantage of our rebate program.



Rebate forms and information are available online at cvcoop.com/services/rebates.php or contact our office at 715-239-6800 or 1-800-300-6800.

Todd Howard, President/CEO

317 S. 8th St., P.O. Box 575, Cornell, WI 54732
715.239.6800 • 1.800.300.6800
www.cvcoop.com

Nicole Whipp Sime, Editor



Chippewa Valley Electric Cooperative

CVEC is an equal opportunity provider and employer.