

# NEWSLETTER



Chippewa Valley Electric Cooperative

October 2017

## This Month We Give Back To You, Our Members!

**W**e are a cooperative and 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 nearly \$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 \$13.6 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.***

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## **Underground Service Deadline**

**W**hen 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 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.

### **Chippewa Valley Electric Cooperative**

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