



# Members Guide to Capital Credits

Victory Electric is a not-for-profit electric cooperative with members who share in the ownership, maintenance, construction and prosperity of the cooperative. A benefit of cooperative membership and ownership is a share in the margins Victory Electric earns each year.

Victory Electric sets rates to bring in enough money to pay operating costs, make payments on loans and provide an emergency reserve. A cooperative does not earn profits; instead, when revenues exceed the expense of providing electric service they are considered “margins” and returned to you over time in the form of “capital credits.” The margins represent a contribution of operating capital by the membership to the cooperative with the intent the capital will be retired (repaid) to you in later years.

This guide explains capital credits and how your investment in Victory Electric is one way the cooperative difference works for you.

## **How do I start accumulating capital credits?**

No special action is required to earn capital credits. Your cooperative membership and capital credit account are activated when you establish electric service in your name.

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

Allocated capital credits are the member's share of net margins and reflect your equity and ownership in Victory Electric. This money is set aside to be used as operating capital for improvements and maintenance over a period of years.

Retired capital credits are a portion of your total allocation and the amount a member receives as a refund. When capital credits are retired, your Victory Electric account is credited or a check is issued and your equity in the cooperative is reduced. Retirements can be years after the year in which the margins were earned/allocated. Until retirement, an allocation has no cash value and cannot be applied to your current electric bill.

## **How do you determine how much in capital credits I receive?**

The amount of capital credits you earn in a given year is based on the cooperative's yearly margins in relation to the amount of capital you contribute through payment of your electric bills.

## **Will I receive a capital credit check or bill credit every year?**

No, the board analyzes the financial health of the cooperative and authorizes a retirement if Victory Electric's financials meet the equity requirements of its lenders.

## **What happens to my capital credits when I leave Victory Electric's service area?**

They remain on the books in the member's name until the board authorizes a retirement. When moving, you should always provide an updated current address and keep your contact information up-to-date.

***Please contact us with any questions or to request a capital credit payment for a deceased member's estate.***

***Thank you for being a member of Victory Electric!***