Capital Credits Q&A

Cooperative Light & Power (CLP) is a member-owned electric utility organized as a cooperative to operate on a non-profit basis for the mutual benefit of its members. The cooperative allocates, as capital credits, all revenue received in excess of expenses. Below we have provided answers to some questions for a better understanding of Capital Credits.

Year: The year of the Patronage Allocation.

Total Patronage: The dollar amount that the member has been billed by the Cooperative for electric service during the year. This does not include Sales Tax or Other Services.

CLP Allocation: This is your share of the CLP margin. It is calculated using the Total Patronage compared to the margin allocated by the Board of Directors for the **"Year."**

G & T Allocation: This is your share of the margin assigned to CLP by Great River Energy, our power supplier. It is calculated using the Total Patronage (above) compared to the margin allocated by the Board of Directors for the **"Year."** This is only paid out in a year that GRE retires capital credits to CLP.

Total Remaining: This represents the total Capital Credits payable to you at a future date. This includes both G&T and CLP margin.

What is the difference between allocated and retired capital credits?
Allocated Capital Credits appear as an entry on the permanent financial records of the cooperative and reflect your equity or ownership in Cooperative Light & Power. When Capital Credits are retired, a check is issued to you (or a credit is applied on your utility bill) and your equity in the co-op is reduced.

How often will I receive an allocation notice?
You will receive an allocation notice annually.

When do I receive Capital Credits?

If the Board of Directors authorizes a retirement, Capital Credit retirement is scheduled for April of each year. Retirement amounts are authorized for certain years on record. For example, if the Board approves retirement for the year 2000 and you were NOT a member earning patronage in that year, you will not receive a retirement.

G & T payments are only made when CLP receives payment from Great River Energy.

How are capital credits calculated?
The amount of capital credits you earn in a given year is based on the amount of capital you contribute to the cooperative through payment of your monthly electric bills and the amount of operating margins realized by the cooperative. Basically, the more electricity you use, the greater your ownership in CLP and the larger your Capital Credits will be.

Why does it take so long to be paid from my capital credit account?
Retirements are based on the overall equity position of Cooperative Light & Power.

Will I receive a check or credit to my active account yearly?
The Board of Directors must authorize a retirement before you receive any funds. When considering a retirement, the Board analyzes the financial health of the cooperative and will not authorize a retirement if Cooperative Light & Power's equity is less than the financial policy.

Can I use my allocated capital credits to pay my electric bill?
No. Allocated capital credits may not be used to pay current bills. Billing statements represent a current payment due. Capital Credits accumulate over time and are used as working capital for the cooperative.

What happens to the capital credits of a member that passes away?
Please have the next of kin contact our office, and we will advise them on the process of claiming them.

What happens to my capital credits when I leave the CLP service area?
They remain on the books in your name until they are retired. You should make sure that Cooperative Light & Power always has your current mailing address to ensure the co-op's records are up-to-date when retirement checks are issued. Currently checks are written to previous members when they reach $10 or more.

What happens to unclaimed capital credits?
Annually, in the "Powerlines" Newsletter Cooperative Light & Power prints names of previous members that we have no contact information for. If no response is received, the unclaimed Capital Credit retirement can be donated to an "eligible organization" or sent to the State of Minnesota.