

## CAPITAL CREDITS Q&A

### **What are capital credits?**

Because Hendricks Power is a Cooperative, owned by its members, it does not technically earn profits. Instead, any revenues over and above the cost of doing business are considered “margins.” These margins represent an interest-free loan of operating capital by the membership to the Cooperative. This capital allows Hendricks Power to finance operations and construction.

### **How are margins allocated?**

Margins are allocated to members as capital credits and are calculated by Hendricks Power for everyone who purchased electricity during a year in which the utility earned margins. The amount of capital credits earned in a given year is based upon the amount of capital you contributed to the Cooperative through payment of your monthly bills. The sum of your monthly bills for a year is multiplied by a percentage to determine your capital credits. The percentage of your total payment that is allocated as capital credits varies from year to year, depending upon the Cooperative margin and type of allocation. Member purchases may also be called patronage.

### **When will I receive my refund?**

Members who are still active in our system will receive a bill credit on their primary account with their June or July billing statement. This credit will be identified as “Capital Credit Refund 1955-59.”

Members who received electricity from Hendricks Power in 1955-1959, but no longer receive our service will be issued a check. We must have a confirmed address and/or the required documentation for a check to be issued. The check issuing process will begin on June 30, 2010. If we do not have a confirmed address and/or required documentation, your refund will be in an “unclaimed” status until we hear from you. All unclaimed money will be held for a period of two years, before being reabsorbed by the Cooperative as donated capital.

### **What years are being refunded now?**

The current action by the Board is to retire/refund capital credits for type “Co-op” to members who purchased electricity from the Cooperative from 1955-1959.

### **If I did not receive electric service from Hendricks Power from 1955-1959 will I get any refund?**

No. This year, capital credits retirement/refund will only be made to members from 1955-1959. However, it is still very important to keep your address, telephone numbers and personal information updated with the Cooperative.

### **Are capital credits refunded every year?**

Each year, the Hendricks Power Board of Directors makes a decision on whether to retire/refund capital credits based on the financial health of the Cooperative. We cannot retire all capital credits at once, because we still have preventive maintenance measures that need to be addressed to ensure members continue receiving reliable, affordable service and to operate the company. The Board will evaluate this on an annual basis, and retire/refund capital credits when feasible. Retirement/refunds could be by year or by multiple years; in-full; partial based on a percentage; by type of allocation; or by any combination of these factors as the Cooperative’s board determines. Rapid growth and preventative maintenance has caused Hendricks Power’s Board of Directors to not refund capital credits for many years. The prior retirement/refund of capital credits by the Cooperative was in 1988 for the years 1953 and 1954.

### **What happens to the years that are not retired/refunded? Do I lose my capital credits?**

The unretired capital credit amount will remain on permanent record with the Cooperative until designated by the Cooperative’s board and will be distributed to the members as governed by the Cooperative’s by-laws. Each member has a designated capital credit/customer number for the Cooperative to use to keep track of them

### **What do I need to do to receive the retirement/refund?**

*Current/Active Customer:* If you are a current/active customer receiving an electric bill from Hendricks Power you do not need to take any action at this time.

*Previous/Inactive Customer:* If you no longer receive electrical service from Hendricks Power, you will need to contact the Cooperative to make sure we have your current information and mailing address. Contact us at [www.hendrickspower.com](http://www.hendrickspower.com) or call 1-800-876-5473 or (317) 745-5473 (Dee, ext. 646 • Kathy, ext. 629 • Diane, ext. 652 • Amy, ext 650).

**What happens to the capital credits of a member who is deceased and ownership is now within an estate?**

The capital credits of a deceased member can be paid to the representative of the estate providing the following documentation is received by the Cooperative.

1. Affidavit for Payment of Patronage (form provided by the Cooperative);
2. A Will or Notice of Unsupervised Administration (filed in Clerk of County office) Appointment of personal representative of the Estate;
3. Copy of a State issued death certificate for the deceased member; and
4. A valid state issued ID/Drivers License of the representative or affiant.

**What if the member is not deceased, but needs personal appointment or a representative?**

The member contact information can be updated once the following documentation is received by the Cooperative.

1. Guardianship Papers (filed in Clerk of County office);
2. Certified Power of Attorney papers (issued by bank or court); and
3. A valid state issued ID/Drivers License of the representative.

**Why does my Cooperative refund capital credits?**

Doing so follows one of our seven Cooperative principles—Members' Economic Participation. This principle states: "Members allocate surpluses for any or all of the following purposes: developing the Cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the Cooperative; and supporting other activities approved by the membership."