



SEC Members to Receive \$2.5 Million in Capital Credits



Active and former Southside Electric Cooperative (SEC) members will receive capital credit refunds later this year.

Meeting in September, the SEC Board of Directors approved a \$2.5 million capital credit retirement. That means 58,600 current and past Cooperative members will receive capital credits in December. All members receiving less than \$25 will be issued credits on their bills. All members with refunds of \$25 or more will receive checks through the mail.

Revenues the Cooperative takes in that are over and above the cost of doing business are considered margins. These margins reflect members' equity or ownership in SEC. This equity allows SEC to finance

its yearly operations, with the intent that these funds will be repaid to members in later years. This concept is an essential part of how the Cooperative operates both successfully and responsibly.

"The Cooperative is happy once again to have a capital credit retirement and be able to provide refunds to our members," says Dan Hammond, SEC's chief operating officer. "Capital credits are an integral part of what makes a cooperative different from other businesses. We're always glad to return these funds to our member-owners when the Cooperative is financially able to do so."

Over the last three decades, SEC has returned more than \$49 million to the membership. That includes about \$11 million in just the last three years.

Members receive an allocation notice annually after the accounting records from the previous year have been closed out and audited by the Cooperative's independent public accounting firm.

Just how much a member receives in capital credits at the end of the year is based on the amount of capital he or she contributed to the Cooperative through payment of monthly bills. The more electric service a member buys, the greater the capital credit account, although the percentage will remain the same. The total of monthly bills for a year is multiplied by a percentage to determine a member's capital credits.

SEC calculates capital credits for every member who buys electricity during a year in which the utility earns margins. Members don't have to take any specific action to start a capital credit account; membership activates the account. And, members aren't required to be a part of the Cooperative for any specific time to earn capital credits. If a member is billed for service for even one month, he or she will accumulate some capital credits, if SEC earns margins in that year.

Capital credit retirements don't automatically happen every year. The SEC Board of Directors must authorize the retirement after analyzing the Cooperative's financial health. The board won't approve a retirement if SEC cannot afford it.

For members who leave the service area, their capital credits stay on the books in their names until a capital credit retirement. Members who leave SEC should make sure the Cooperative has a current mailing address.

The family of a deceased member may receive his or her capital credits at a discount without waiting for a general retirement at the end of a year. However, these estate payments are not automatic. A representative of the deceased member must contact SEC to initiate the process. If the membership is jointly held by a spouse, the estate will only be retired after both the member and spouse are deceased.

For more information about capital credits, visit www.sec.coop/capitalcredits.



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