

UNDERSTANDING CAPITAL CREDITS



Oconto Electric Cooperative is pleased to return over \$348,000 in capital credits to more than 5,400 members this year.

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, OEC 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 OEC “dividends” go back to the member/owners.

How does a member get capital credits?

When a member of Oconto Electric 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 OEC 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 OEC 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 the cooperative 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 OEC’s financial condition annually and then decides whether to retire capital credits. The board’s goal is to keep capital credit retirements on a 20-year rotation, always retiring the oldest year.

How do I get my capital credits?

If the amount of your retirement in a given year is more than \$25, a check will be sent to the last valid address we have on file. If the amount is less than \$25 and you still purchase electricity from OEC, it will appear as a credit on your electric bill. If the amount is less than \$25 and you no longer purchase power from OEC, the amount goes into “no check status,” which means the money will be held by OEC until there is enough retired so that it is more than \$25. When the amount is more than \$25, a check will be sent to the last valid address.

What if I no longer have electric service with OEC?

If you move or no longer have electric service with Oconto Electric, it is important to know what your address is so that future disbursements can be properly mailed to you. Capital credits are reserved for members even if they move out of the Oconto Electric service area. OEC 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 OEC is unable to locate the member after three 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 OEC funds scholarships for member students pursuing higher education.

How much has Oconto Electric paid in total capital credits refunds since it began in 1937?

Over \$14 million.

Are capital credits paid out in any way besides a normal retirement?

There are certain conditions that allow 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.

Currently, the conditions for paying out capital credits at the net present value include:

- An estate payout to the spouse or heirs of a deceased member.
- For purchase of an electric water heater.
- For purchase and installation of an electric heating system.
- Farm efficiency improvements.
- Business and commercial electrical efficiency improvements.

If you would like to know more (76400) about capital credits, contact OEC at 1-800-472-8410.



OECO INVESTS IN LINE CLEARANCE TREE TRIMMING EQUIPMENT AND CREW

Trimming and removing trees along Oconto Electric Cooperative's right-of-way is one of the most expensive and necessary tasks that we do. We strive to supply safe and reliable electricity to our members. In order to do so, we must keep trees and brush away from our lines to prevent them from burning, bending or breaking on our power lines, causing unnecessary power interruptions, hazardous conditions, and damage to our equipment.

For each of the last few years, OECO has budgeted over \$200,000 for right-away clearing. That money has gone to contractors to do the work. After much research, by employing our own line clearance tree trimmers year-round, we will be able to be more responsive to member concerns, OECO project needs and have more man hours worked compared to contracted work. (10500)

Cutting and trimming will be done by our trained, professional line clearance tree trimmers, Norman Peterson and Calvin Kilmer. They come to OECO with a combined 33 years of professional line clearance experience. They are trained to identify and target tall species for removal as well as hazardous trees. A hazardous tree is defined as a tree having one or more of the following characteristics: leaning, dead, overhanging branches, burning. These things obstruct access to both overhead and underground equipment and may conflict with the conductors or structures (poles and hardware) if such tree(s) fell in the direction of or otherwise jeopardizes the OECO lines.

Pictured above is the equipment OECO purchased: A truck with a 70-foot Altec boom, an Altec chipper and a Terex brush cutter.

With clear rights-of-way, Oconto Electric crews are able to respond to storm damage with minimal disruption of electricity. They have safe access to the power lines, and they don't have to cut their way in to reach damaged areas and therefore will be able to restore power more quickly for members.

OECO members can help reduce the cost of future line-clearing projects by looking before planting a tree. This means looking up and down. Look up because planting too close to a power line may cause costly trimming and maintenance. Look down to be sure there are no electric cables buried where you plan to dig. To be safe before digging, call Diggers Hotline at 811.

Carefully select your tree. The right tree can also help you conserve energy by providing shade in the summer and protection in the winter. However, all

vegetation must be planted away from power lines, so that mature branches cannot grow into the right-of-way. Vegetation that is planted or grows into the right-of-way needs to be cut or trimmed. Vegetation within 20 feet on either side of the power line is at risk for future removal due to power line maintenance, upgrades, replacement, etc. For safe, reliable electric service, follow these guidelines.

OECO will attempt to contact property owners for notification that right-of-way clearing activity will be in their area.

If you have any questions regarding tree trimming or removal, please call OECO at 920-846-2816. An appointment will be made to meet with the you on-site. During that appointment OECO's professional utility line clearance trimmers will determine what needs to be done with the trees and take care of it at that time.

MEET OECO'S LINE CLEARANCE CREW



Calvin Kilmer – Calvin comes to OECO with 22 years of line clearance tree trimming experience. He went through a three-year apprenticeship program to become a journeyman tree trimmer. Cal said that trees have been in his blood as long as he can remember, from climbing them as a kid to cutting firewood.

Cal grew up in the Pound area and has always lived on OECO's lines. Guided by the co-op principles and values, Cal is excited to work for OECO.

In his free time he enjoys hunting, fishing, volleyball and spending time with his daughter.



Norman Peterson – Norman is an 11-year veteran of tree trimming work. His brother, who is a tree trimmer, got him interested in the career. When asked what he likes about his job Norm said, "I like working outdoors. I like the thrill of cutting trees and being so high up in the air."

Norm's hobbies include hunting and fishing. An OECO member, Norm lives in Gillett area with his wife and two daughters.



29TH ANNUAL MEMBER APPRECIATION DAY PICNIC WAS FUN FOR ALL AGES



On Saturday, August 6, OEC held its annual Member Appreciation Day Picnic to show members that their patronage is greatly appreciated. It was a gorgeous, sunny day that brought over 1,200 members out to enjoy the festivities.

A picnic-style lunch was served from 10 a.m.–2 p.m. Music was played by DJ Scott from Tequila Jukebox. Oconto Falls Rescue Squad was busy doing blood-pressure checks. Numerous vendors had displays set up and were available to answer questions.

We had many activities for the kids to

enjoy from face painting to having their picture taken as an OEC lineman. Holtger Brothers Inc., a contractor for OEC, provided a bounce house for the kids.

OEC lineman Scott Bancroft presented a hot-line demonstration to remind members just how dangerous electricity can be. The demonstration illustrated what can happen when objects like kites, trees, and animals make contact with a live wire.

Employees held a raffle and bake sale raising money for the 2016 employee charity that will benefit the Lena Area Volun-

teer Fire Department and Rainbow House.

1st Prize: \$200 cash – Deborah Garczynski

2nd Prize: Handmade Quilt – Brittany Schaden

3rd Prize: \$75 OEC Credit – Mary Lyness

4th Prize: Margarita Basket – Tony Sailer

5th Prize: Apple Theme Basket – Gerald Verduyn

Thank you to all the OEC employees, directors, friends, and families who helped make the day a success.

Additional picnic pictures can be seen at [facebook/ocontoelectric](https://facebook.com/ocontoelectric).

HIDDEN ACCOUNT NUMBERS

Oconto Electric Cooperative hides two account numbers in the local pages of the *Wisconsin Energy Cooperative News* each month. If you spot your account number, call our office before you receive the next issue, and OEC will give you a \$15 credit on your electric bill or a \$25 credit if you have a load management receiver. The July account numbers belonged to David and Daniel Olson, Lena and Joel Lavarda, Pound.

Byron C. Nolde, CEO

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Katie Jagiello, Editor

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COOPERATIVE

**OEC's office and
OEC's RadioShack store
located on Highland Drive in
Oconto Falls will be closed on
Monday, September 5.**