

BELFALLS ELECTRIC COOPERATIVE

P.O. Box 598 • Rosebud, TX 76570 • Phone (254) 583-7955

A Unique Characteristic of Ownership: Capital Credits

If you're like most cooperative members, you may have questions about some aspects of cooperative ownership—capital credits, for example. In the questions and answers below, we've tried to provide simple explanations for what can sometimes be a complex subject. And as always, if you find that you still have a question or comment not addressed here, please call us. We'll be happy to help you!

What is a cooperative?

A cooperative is a business that is owned and controlled by the people who use its services.

What are capital credits?

A cooperative does not earn profits in the sense that other businesses do. Instead, any margins (revenues remaining after all expenses have been paid) are returned to the members in proportion to their usage of the co-op's services through capital credits allocations and retirements, or reinvested in the form of improvements to the system. Capital credits represent each member's share of the coopera-

tive's margins.

What do cooperatives do with capital credits?

Every business needs to maintain a balance between debt and equity to ensure its financial health and stability. Capital credits are the most significant source of equity for most electric cooperatives. Equity is used to help meet the expenses of the co-op, such as paying for new equipment to serve members and repaying debt. Capital credits help keep rates at a competitive level by reducing the amount of funds that must be borrowed.

How does the cooperative determine who receives capital credits?

Capital credits are allocated to each member of the cooperative every year based on participation in the cooperative. The board of directors determines the basis for the allocation. Frequently, the allocations are based on the total dollar amount of services purchased or kWh of electricity consumed.

How does the cooperative notify members about capital credits allocations and retirements?

Cooperatives notify members of annual capital credits allocations through a letter, a message on each member's bill, the co-op's website or other methods.

How are capital credits disbursed?

Each year the board of directors determines whether the co-op's financial position permits the return, or retirement, of capital credits and, if so, what amount of capital credits will

be retired. The board also decides the method for determining which capital credits are returned to members.

Belfalls EC retires capital credits using the first-in, first-out (FIFO) method. That means that the capital credits that have been invested in the cooperative for the longest period of time are returned to members first.

Do members receive interest on capital credits?

Some cooperatives are prohibited from paying interest on capital credits by their articles of incorporation or other legal documents. Whether or not that is the case, co-ops do not pay interest on capital credits, because the money to pay that interest would have to be collected from members through higher rates.

What happens to a member's capital credits if the member moves away from the system?

A member who terminates service no longer receives additional capital credits allocations. The balance in the member's capital credits account is maintained until it is retired in full.

It usually is the member's responsibility to notify the co-op of any changes in address so that the member can be located when it is time for the co-op to retire capital credits allocated to the member's account.

What happens to a member's capital credits if the member dies?

Capital credits in the member's account belong to the member's estate. Contact us at your local co-op for specific information in this case.

REMINDER



Happy Holiday!
Belfalls Electric Cooperative
Will Be Closed July Fourth.

BELFALLS ELECTRIC AWARDS SCHOLARSHIPS TO LOCAL YOUTH

This year Belfalls Electric Cooperative awarded 10 scholarships to seniors from area high schools. The scholarships were for \$500 each. To be eligible for consideration, the students' parents must have permanent residence on our electric utility system, and the college or university the student plans to attend must be a Texas school with full accreditation from the state.

This year's winners are:

Shaina Taylor, C.H. Yoe High School, attending Temple College.

Kelly Beth Plachy, C.H. Yoe High School, attending Texas A&M University.

Charles Thornton, Rosebud-Lott High School, attending East Texas Baptist University.

Jacqueline Wright, Rosebud-Lott High School, attending Texas A&M University.

Tana Shelton, Chilton ISD, attend-

ing Tarleton State University.

Brad Hoelscher, Rogers ISD, attending Texas Tech University or Baylor University.

Josh Burtchell, Troy High School, attending TSTC-Waco College.

Jacob Dent, Milano ISD, attending Blinn College.

The board of directors and staff of Belfalls Electric congratulate this year's winners and wish them success in their endeavors.

MAINTAIN YOUR AIR CONDITIONER

With proper care, your central A/C or window units can provide years of carefree and cost-effective cool.

Central Air Conditioner

A central air-conditioning system can last 15 years—and remain efficient—if you maintain it properly.

- Clean the outside compressor with a hose, and vacuum vents and replace filters every month during the summer to maximize airflow.
- Have the ductwork cleaned and inspected every two or three years. Leaky ducts can lose as much as 30 percent of the air that flows through them.
- Avoid setting the thermostat extra-low to cool the house quickly. It doesn't cool things off any faster than leaving the setting at a comfortable, higher temperature, and it wastes energy.
- Move lamps and heat-producing appliances away from the thermostat. The heat they produce tricks the thermostat into "thinking" the home is warmer than it is, which makes your air conditioner work harder.
- Install ceiling fans, which allow you to set your thermostat a few degrees higher in the summer. For every degree you raise your thermostat, you save up to 8 percent in cooling costs.
- Consider replacing your central

air-conditioning system after about 10 years. Newer models are up to 40 percent more energy efficient.

Window Air Conditioner

Even individual window air conditioners need attention every year. By doing some routine maintenance, you can keep yours humming for up to 10 years.

- Angle window units slightly downward (one-quarter to one-half inch) toward the outdoors so condensation won't leak inside.
- Clean filters once a week to minimize dust buildup in your home and in the unit. This will reduce the amount of maintenance your air conditioner needs, as well as the airborne dirt in your home. Steam-clean the whole unit every one to three years.
- Close the vents to heating ducts in a room with a window unit so cool air doesn't escape through them.
- Shade the outside portion of a window unit to help it run better, but don't block the airflow on either side of the unit. Units with good airflow run more efficiently than units blocked by plants or furniture.
- Install your unit on a north-

facing window to minimize the amount of sunlight hitting the unit, allowing it to cool more easily.

- Do not plug a window unit into an extension cord. Most extension cords cannot supply window units with enough power, which can damage the compressor.

IN EMERGENCIES

During regular business hours, call:
(254) 583-7955

These are telephone numbers to call to report outages after business hours and on weekends and holidays.

Kenneth Fikes(254) 583-4556
Larry Koslosky(254) 583-4555
Doug Matous(254) 583-2957
Bobby Skala(254) 583-7219
Jeremy Tepe(254) 583-2557
Jake Willis(254) 583-0191
Ernest Martin(254) 583-2219
Joe W. Marek(254) 583-4016
James Campbell(254) 583-2786