



Dear Prairie Land Electric Cooperative Member,

Printed on your monthly statement is your Capital Credit Allocation Statement for the year 2017. In an effort to be more cost effective, you will not receive a separate allocation notice in the mail, with the exception of those billed through invoice group billing.

Prairie Land 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. The amount shown on your bill represents your share of the operating margins realized by your cooperative for the year indicated.

What are Capital Credits?

How is Prairie Land different from other utilities? Prairie Land is a cooperative, owned by its members who receive electric service. Municipal utilities and public power districts are quasi-government units. Investor owned utilities (IOU's) are owned by stockholders earning a return on their investment. The fact that customers and owners are the same distinguishes cooperatives from all other types of utilities.

What do I need to do now? Keep this notice for your records. The decision to refund capital credits rests solely with the Board of Trustees and is dependent on the financial condition of the cooperative. When authorized by the Board of Trustees, capital credit retirement payments are sent to the last known address of the member. In order for us to keep our records accurate, it is important that you notify our office of any changes in your mailing address, name, or in the event of the death of a member.

How does Prairie Land raise capital for operations and improvements? Cooperatives usually obtain capital in two ways: 1) Debt borrowing, and 2) Retention of capital credits supplied by members.

When do I receive payment on my Capital Credits? A retirement cycle is the period of time between the allocation (accrual) and retirement (refund) of capital credits which is currently 18 years. The decision to refund capital credits rests solely with your Board of Trustees and is dependent on the financial condition of the cooperative and the provisions of the bylaws.

Can I cash in my capital credits and have them returned now? Since the value of your capital credits are not held in cash but is reinvested to support operating activities, the entire balance cannot be retired to you at once. Capital credit allocations cannot be used to pay your electric bills.

What do I do if the member is deceased? You may contact our office and request early retirement of the deceased member's capital credits. A Prairie Land staff member will advise you on the process to claim those capital credits.

Can I pay my bill with capital credits? No, capital credits cannot be used to pay your bill.