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2020

TO THE ORDER OF: Prairie Land Electric Members

Your portion of \$2 million in retired capital credits

BILL CREDIT

MEMO: *Your portion of the retired credits is based upon revenues from your electricity usage.*

Prairie Land Electric Board of Trustees

Capital Credit Refund Notice - This is not a check.

IMPORTANT DETAILS:

- You must have a minimum of \$10 in retired capital credits to receive a bill credit or check. If your amount is less than \$10, it will be carried over to a future retirement until it reaches the minimum amount.
- No action is needed. Your bill credit has already been applied to your bill, if applicable. If you have more than one account, it is possible that your credit will be distributed among two or more of the account's charges.
- The total amount of the retirement is \$2,000,000. See details below.
- Capital credits are being retired from Prairie Land Electric Cooperative, Inc. for 100% of allocations from 1997, and 63.75% of allocations from 1998, totaling \$683,381.
- We are also retiring capital credits allocated to Prairie Land Electric from our generation and transmission cooperatives. 2.92% of all years from Sunflower Electric Power Corporation totals \$765,052 and 4.62% of all years from Mid-Kansas Electric Cooperative totals \$551,567.
- Your share of the retirement shows as a credit on your bill as pictured in the example below.

Service Details

Loc: YOUR ADDRESS (example)		Desc: YOUR SERVICE (example)		Rate: M110 Residential/Farm-Rural	
Meter Reading Details		Meter 00000		Detail of Charges	
Current Reading	11/30/20	52580	Service Access Charge		20.00
Previous Reading	10/31/20	51952	Power Cost Adjustment (PCA) @ -.0127800 PER KWH		-8.03
Total Usage		628	Property Tax Surcharge @ .0014900 PER KWH		.94
KW Demand Reading	11/30/20	5.422	Capital Credit General Retirement		-12.20
Total KW Usage		5.422	Property Tax Surcharge @ .0018600 PER KWH		1.57
			Energy Charge (kWh)		65.76
			628 KWH @ .10472	65.76	
			Total This Service		68.04

Prairie Land Board Authorizes Over \$2 Million Capital Credit Retirement

This fall, Prairie Land Electric Cooperative, Inc. (Prairie Land) is retiring capital credits to its members through check payments or bill credits. The 2020 general retirement retires all capital credits from 1997, and 63.75% of capital credits from 1998. The retirement also includes 2.92% of Sunflower G&T allocations for all years and 4.62% of Mid-Kansas G & T allocations for all years.

Who will receive a capital credit retirement?

If you were a Prairie Land member at any time from 1997 through 2019, you may be eligible for a capital credit retirement.

How will I receive my capital credit retirement?

- *Active members of Prairie Land will receive a bill credit on their monthly electric bill in December if the retirement is greater than \$10.*
- *Former members of Prairie Land will receive a check if the retirement is greater than \$10.*

Color blobs Designed by Rizkiarmstrong (Image #24637441 at VectorStock.com)

What are capital credits?

As a member-owned cooperative, Prairie Land does not earn profits. Instead, if revenues exceed the cost of doing business (i.e. expenses), the co-op has earned "margins." These margins are allocated to active members in a ratio proportionate to the amount of electricity the member purchased during the year that margins were earned. These allocated portions are called capital credits.

Are capital credit retirements taxable?

Members receiving capital credit retirements in excess of \$600 will receive a Form 1099 from Prairie Land.

We suggest seeking the advice of a tax professional for specific questions.

What is the difference between allocated and retired capital credits?

Allocated capital credits are the amounts assigned to each member who was billed for service during a year in which margins were earned. While the credits are assigned to members, they are retained by the co-op for a period of time – approximately 20 to 25 years – and are used as capital, which reduces Prairie Land's need to borrow money. Allocated capital credits reflect your ownership in Prairie Land. When capital credits are eventually retired, Prairie Land will issue the retirement via check or bill credit.

