

ANNUAL CAPITAL CREDITS OVERVIEW

In a co-op, every member gets a piece of the pie

BY RUTH MARKS CEO | RUTH.M@MVEA.COOP

I have spent the last 25 years of my career serving members of electric co-ops, and the allocation and retirement of capital credits remains one of the most rewarding and unique aspects of the cooperative business model. It is also the topic of many member questions: What are capital credits, how do members access them, do we keep a record of them, and what is the difference between an allocation and a retirement? This month, we will focus on answers to the most frequently asked capital credits questions.

As a Mountain View Electric Association member, you are more than a customer: you are both a member and an owner of the cooperative. Your investment in the cooperative helps to ensure the financial health and stability of the co-op and is returned to you through the allocation and retirement of capital credits. It's an aspect of being a co-op member that is unique: when financial conditions allow, every member of an electric co-op gets a piece of the pie.

WHAT ARE CAPITAL CREDITS?

Electric cooperatives aren't like other utilities. When MVEA's cost of doing business is accounted for, members share in the financial

prosperity through the retirement of capital credits. We operate at cost — collecting enough revenue to run the co-op, without the demand to generate profits like investor-owned corporations. MVEA's rates and fees are set by an elected Board of Directors to generate revenue to cover operating costs, pay debts on construction loans and provide an emergency financial reserve. Any excess revenues that remain once all expenses have been paid are divided among MVEA members as capital credits. Capital credits represent your investment in MVEA — your piece of the co-op pie.

ALLOCATION VS. RETIREMENT

MVEA members receive a capital credits allocation every year after the cooperative's audit for the previous year is complete. Net margins, the difference between MVEA's income and its expenses, are "allocated" or assigned to members who belong to the cooperative during the year in which a net margin is generated. An allocation is your share of the net margins MVEA sets aside into a separate account with your name on it. These are used as operating capital for reliability improvements and maintenance over a period of years. Capital credits allocation notices are



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provided on your billing statement annually.

A retirement is the amount of cash you receive back from your capital credits allocation. The amount retired is decided annually by the MVEA Board of Directors. After a number of years, if financial conditions permit, and MVEA's mortgage requirements and by-law provisions are met, the Board may decide to retire a set amount of capital credits to its members.

Should the MVEA Board of Directors retire capital credits this year, details will be available in the December issue (including how payments will be made and the amount of the retirement). If we don't have your current address, we cannot get your capital credits payment to you — where it belongs. Be sure to provide us with your new mailing address every time you move.

Make sure to look at your November bill to review your 2021 capital credits allocation. Depending on how long you have been an MVEA member, you may also receive a capital credits retirement payment in December. If you have any questions about your capital credits allocation or retirement, please call 800-388-9881.

How Do Capital Credits Work?

At the end of the year, MVEA settles all financial matters and determines whether there are excess revenues, called net margins.

You get the credit as an electric co-op member!

When MVEA's Board of Directors retire capital credits, payments are made to co-op members with a capital credits retirement balance over an amount agreed upon by the Board.

MVEA allocates net margins as "capital credits" to members who belong to the co-op during the year in which a net margin is generated.

When MVEA's financial conditions permit, the Board of Directors may decide to retire (which means pay) capital credits to members.

MVEA has retired \$75+ Million to members.*

IN A CO-OP, EVERY MEMBER GETS A PIECE OF THE PIE!

*As of November 1, 2022

Cooperative Membership Has Its Benefits

Because electric co-ops operate at cost, any excess revenues, called net margins, are returned to members in the form of capital credits.

- The allocation and retirement of capital credits is one of the most unique and rewarding benefits of being an electric co-op member.
- When financial conditions permit, MVEA's Board of Directors strives to use a hybrid first-in, first-out (FIFO) 80 percent with a last-in, first-out (LIFO) 20 percent capital credits retirement system to increase the number of checks issued to members.
- While all electric co-ops allocate capital credits, not all co-ops retire capital credits — and, not all co-ops retire capital credits in a way that benefits the most members. It's one aspect of co-op membership that is unique to MVEA.

Check your November bill for your 2021 capital credits allocation and make sure to read the December issue of *Colorado Country Life* for a capital credits retirement update. Please contact MVEA with any questions you may have about capital credits.

Cooperative Principles in Action: Education, Training and Information

MVEA sends two students to Youth Leadership Camp

Every year, MVEA gives high school sophomores and juniors a once-in-a-life time opportunity to win a week-long Youth Leadership Trip. One of those trips is to Cooperative Youth Leadership Camp. The leadership camp is held near Steamboat Springs, and hosts student leaders from Kansas, Oklahoma, Colorado and Wyoming. This year, two students from MVEA's service territory attended CYLC — Diya Suri and John Moritz, who both attend Palmer Ridge High School.

Diya and John were selected by MVEA's Board of Directors' Education Committee, based on the leadership skills, academic achievements, extracurricular activities, and answers to short essay questions included in their applications.

"CYLC was the highlight of my summer!" Diya said. "The lessons and leadership skills I learned at camp have greatly impacted the way I view leadership and the way I lead various clubs, sports and activities in our community. This isn't



Diya Suri was selected to be a camp ambassador at CYLC in 2023. (This is a big honor among campers!)



CYLC is jam-packed with activities and rafting is always a crowd favorite.



Diya Suri and John Moritz agree that CYLC was a leadership trip of a lifetime.

a cheesy leadership camp where you learn the stereotypical skills a 'good leader' should have — at CYLC you learn more about yourself and practical leadership techniques that will help you in any setting."

During the camp, Diya and John learned how an electric cooperative is organized and operated by developing a model-cooperative with their fellow students. Camp participants also attended educational seminars on leadership, online reputation management, conflict management and co-op careers. They also participated in presentations on high voltage electricity, raptors and avian protection with HawkQuest, and took a tour of a community solar array.

"CYLC taught me that bonding and learning from others to reach a common goal is an invaluable skill," John said. "CYLC also allowed me to learn countless amounts of information about the goals and positive effects electric co-ops have on their communities and members. Additionally, the experienced speakers taught rich content ranging from teamwork to social media all while keeping their speeches and activities engaging."

At the conclusion of the leadership camp, attendees voted on students they felt should attend camp again next summer as a CYLC ambassador. Ambassadors help new campers get acclimated and demonstrate how leaders present themselves. MVEA camper Diya Suri was selected to be a camp ambassador at CYLC in 2023!

"The best part of CYLC is the friendships you make and the community you build," Diya said. "CYLC truly changed the way I view leadership, but mostly importantly it gave me a sense of belonging, purpose and a second family, who I'm still in touch with today! I'm so excited to return to camp next summer as an ambassador."

MVEA encourages high school sophomores and juniors to apply for once-in-a-lifetime leadership opportunities to either Youth Tour in Washington, D.C., or to CYLC. This year's contest entries are due on November 10. For an application or more information visit www.mvea.coop/essay-contest.

We've Connected our First Customer!

Conexon Connect has officially launched its broadband services in Colorado.

The wait is over for members of Mountain View Electric Association! One of the co-op's most exciting projects — fiber internet — has begun connecting members to the future through fast, reliable, and affordable internet service.

Patricia Borish, an MVEA member for more than 20 years, learned about the fiber broadband project in *Colorado Country Life*.

"We were VERY excited to find a new option coming for internet access. I read about it in the magazine and signed up the same week we got a postcard letting us know, 'The wait is almost over!' Yay," Patricia exclaimed.

Before connecting to fiber internet, Patricia worked from home on nights and weekends with intermittent and unstable internet. With connection speeds at only 10 Mbps, daily activities as normal as online banking and streaming were nearly impossible for Patricia and her family. Now, with fiber internet service from Conexon Connect, Patricia connects at 100 Mbps for the same price as her old service.



"I just know I have consistent, faster internet speeds than before. The price for new [internet] at 10X the speed of the previous provider and it is fiber. It's all good," Patricia said.

Mountain View Electric Association and Conexon Connect are excited to continue expanding access to fiber internet and bring service designed to have a lasting and positive impact on MVEA members for years to come.

To join Patricia and other MVEA members in the fiber movement, check your availability at ConexonConnect.com, call 1-844-542-6663, or scan the QR code!



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High School Sophomores & Juniors Win a Summer Trip! MVEA Youth Leadership Trip Contest

High school sophomores and juniors are just a couple of short questions away from an opportunity to win a once-in-a-lifetime all-expenses paid trip. Deadline: Thursday, November 10, 2022. For contest qualifications and to complete an entry form, visit www.mvea.coop/leadershiptrip.

Need Cash For College? Win a Scholarship! \$28,000 In Scholarships Available

MVEA's scholarship program includes scholarships to accredited colleges, universities, junior or community colleges, as well as Vocational/Technical Scholarships. Additional scholarships include Power Lineworker Scholarships for students pursuing a career through a lineworker training program, as well as a Power Engineer Scholarship for current college students pursuing a power engineering career. Visit www.mvea.coop/scholarships to learn more. Deadline: Monday, January 16, 2023.

Questions? Contact Erica,
(719) 494-2654,
erica.m@mvea.coop.



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Give the Gift of Light

Give the gift that can be used and appreciated this holiday by everyone on your list—the gift of electricity.

It's easy to give a gift of credit on a Mountain View Electric Association account for a friend or relative! Simply fill out the form and return it to any MVEA office or drop box with your check. A gift of credit can be given anytime throughout the year. The recipient's electric account will be credited in the amount of your gift. For more information, call (800) 388-9881.

I would like to provide the following person(s) with a gift of credit of \$_____ on their MVEA electric account.

Recipient's Name: _____

Account Number (if available): _____

Property Address: _____

City, State, ZIP: _____

Your Name: _____

Phone Number: _____

Address: _____

City, State, ZIP: _____

- Enclosed is a check for \$_____.
(Please make gifts in \$5 increments, i.e. \$5, \$10, \$15, etc.)
- Please check the box if you wish to remain anonymous.

A Helping Hand To Those In Need

LEAP and Energy Outreach Colorado Bill Payment Assistance

Through a partnership with the State of Colorado Department of Human Services, Discover Goodwill administers the **Low-Income Energy Assistance Program or LEAP**, which provides home heating assistance to households with income up to 60 percent of the Colorado State Median Income. LEAP is a federally-funded program that helps eligible hard working Colorado households pay a portion of their winter home heating costs.

To apply or for additional program information, visit the LEAP website at www.colorado.gov/cdhs/LEAP or call (866) 432-8435. The program begins November 1 and applications will be processed as long as funding is available.

Energy Outreach Colorado brings together a network of industry, state and local partners to support, stabilize and sustain Coloradans to afford their energy needs. Its programs include: bill payment assistance, heating system repair/replacement, energy efficiency upgrades, energy education, access to state programs (such as LEAP) that work in partnership with their services.

Visit www.energyoutreach.org/programs to learn more about program qualifications, and how to apply for assistance. For bill payment assistance, call (866) 432-8435 (LEAP); for heating system repair or replacement, call (855) 469-4328; for general questions, call (303) 825-8750.