

# CAPITAL CREDITS

BY REG RUDOLPH GENERAL MANAGER

Capital credits are essential to the cooperative business model. As a cooperative, we operate at cost, and any time our revenues exceed our cost of operations, we allocate that margin to our members as capital credits. When the board of directors sees that our financial position allows it, we return these capital credits to our members. At San Isabel Electric Association, we have consistently returned capital credits from our distribution of electric service to our members for decades. In the past five years, we have returned about \$4.7 million in capital credits to current and former members.

As a cooperative, we do business with many other cooperatives. The largest cooperative business relationship we have is with our power supplier, Tri-State Generation and Transmission Association, Inc. Tri-State is owned by the 43 electric distribution cooperatives it serves and governed by a board comprised of representatives from each of those systems. Recently, Tri-State announced its Responsible Energy Plan, taking bold steps to create a brighter future and cleaner grid, while at the same time working to reduce the cost of power for member systems like San Isabel Electric. Because Tri-State operates as a cooperative,

you also receive capital credits from our power supplier through San Isabel Electric.

As a member of San Isabel Electric, you recently received your 2018 capital credit allocation statement. The statement showed your 2018 allocation of capital credits and your accumulated capital credit balance, showing your total ownership share in San Isabel Electric. You likely noticed that we have two types of capital credits: "San Isabel Electric" and "Power Supplier." The San Isabel Electric capital credits are derived from the daily operations of San Isabel Electric. The power supplier capital credits are San Isabel Electric's share of the margins from Tri-State, based on the amount of power we purchased. We allocate these power supplier capital credits to our members in the same manner as the San Isabel Electric capital credits, based on the amount of power that you purchase each year.

This fall, current and former members of San Isabel Electric can redeem their power supplier capital credits at a discount. That is, you have the chance to cash out your power supplier capital credit balance and receive 25% of the total, paid to you in December. Typically, the board retires capital credits on a 25- to 30-year cycle, so this is a one-time opportunity to redeem your power supplier



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capital credits. You may recall a similar program in 2014, where the board authorized a discounted retirement of San Isabel Electric capital credits.

You will receive information in the mail about this one-time offer to redeem your power supplier capital credits at a discount. If you want to accept the offer, simply complete the opt-in form and return it to us prior to the deadline. You'll receive a check from us in December. If you are not interested, do nothing and your power supplier capital credit balance will remain intact. We offer this program to members because it aligns with our strategic goals of affordability, interaction and improving the overall member experience. This program will reduce future obligations and support our cooperative's rate stability goals. Thank you for being a member of San Isabel Electric.

Please check our website for more detailed information about capital credits at [ssea.com/capitalcredits](http://ssea.com/capitalcredits).



October is  
National Co-op Month.



# BEHIND THE DESK

Featuring SIEA billing department specialist Kari Guerrero

From making sure your bill payment is received to working on the lines, the San Isabel Electric team is working carefully and efficiently for its members. Behind the desk, Kari Guerrero works in the billing department at San Isabel Electric, making sure members receive an accurate bill and have a caring person to answer any questions or concerns.

### Who is Kari Guerrero?

Kari is one of three billing department employees managing approximately 24,000 accounts. She is a motivated worker, wellness facilitator and an overall joyful person. Kari has been married 26 years and lived in Okinawa for three of those years. While in Japan, she learned to count in Japanese and say, "Please pass the salt."

However, when she is not counting in Japanese, running smart meters or talking to members, she is planning SIEA wellness walks, challenges and sugar-free days. Kari is one of seven wellness committee members. She works with all of them to plan numerous events like the annual employee wellness event that encourages employees to make better eating and exercise choices.

### What is the billing department?

The billing department is an essential department in any business or cooperative. At San Isabel Electric, it handles everything from invoices and member accounts to smart meters and meter readings. It makes sure employees are up to date with all the technology involved with smart meters, so



▲ Kari Guerrero

they take classes in computer information systems and data reports.

Additionally, they must accurately bill San Isabel Electric members based on the electricity they use. The SmartHub app helps guide members into seeing their usage daily, weekly or monthly and even grants them the opportunity to quickly pay their electric bill.

### How does the billing department communicate with other departments at San Isabel Electric?

At San Isabel Electric, communication is of utmost importance. In the billing department, all three employees constantly communicate with each other in their adjacent offices. Also, billing communicates with accounting and member service representatives to resolve member concerns.

At San Isabel Electric and at any cooperative, all employees work together to answer any questions or concerns a member has about their bill, smart meters and services offered. Departments work together to find the best solutions to members' questions.

### What makes the job worth it?

Kari suggests that anyone can and should apply to a cooperative not only for the environment but for the learning and growth opportunities. Kari said if it were not for San Isabel Electric, she would not have learned computer information systems or the Crystal data reports and she would not be a part of the wellness committee.

Kari said it is a challenge to juggle more than your job title, but well worth it at the end of the day. Whether it's out in the field or behind a desk, San Isabel Electric's goal is to put member-owners first.



October 2019

## Energy Efficiency

### Tip of the Month

Cooler weather is on the way! Heating requires more energy than any other system in your home, typically making up about 42% of your energy bill. With proper equipment maintenance and upgrades like additional insulation and air sealing, you can save about 30% on your energy bill.

Source: energy.gov

## HOME IMPROVEMENT ADVICE

Make certain home electrical systems and wiring are adequate to support increased electric demands of new electric appliances, home additions or remodeling projects.

An older home may be inadequately wired for today's electricity consumption, putting your family at risk for fire and electrical shock. Have a professional replace worn and outdated circuitry and add outlets for appliances and electronics.

# CAPITAL CREDITS

## FREQUENTLY ASKED QUESTIONS

### ▶ WHAT ARE CAPITAL CREDITS?

Members are allocated capital credits each year the co-op has revenues in excess of operating costs. Your proportional share is credited to your individual capital account with San Isabel Electric, hence a "capital credit." Your allocation is based on your electricity purchases within a designated San Isabel Electric rate class in relation to the total electricity purchased by all members within that rate class during that year.

### ▶ CAN I USE MY ALLOCATION TOWARD MY BILL?

No, allocated capital credits do not represent money that is currently available for you to have or apply on your electric bill. Your electric bill is due now, whereas you may not be paid your allocated capital credits for many years.

### ▶ WHEN CAN I EXPECT TO BE PAID IF I OPT IN AND ACCEPT THE DISCOUNTED OFFER?

If you choose to opt in and accept the discounted offer, a check for the total discounted amount will be sent by the end of December. Your acceptance form must be received by mail by November 1. Forms postmarked, but not received by the due date will not be accepted. Please note: Only original signed and completed forms will be accepted. Scans or emails of the original will not be accepted.

### ▶ WHAT IF I OPT IN TO CLAIM DISCOUNTED CAPITAL CREDITS?

If a member decides to accept the offer to opt in to claim their discounted power supplier capital credits, the member is electing to receive a one time cash payment in lieu of waiting for the face value of the capital credits payable in future periods. A planned, but not guaranteed, retirement cycle is up to 40 years.

### ▶ WHAT IF I DON'T ACCEPT THE OPT IN OFFER TO CLAIM DISCOUNTED CAPITAL CREDITS?

If you do not wish to accept the discounted offer, do nothing. Member-owners are not required to take the discounted amount; they can simply wait to be paid in the future and receive full value. If a member does not opt in to claim their discounted capital credits, the member-owner's allocated capital credits will remain on the books in the member-owner's name and member number until they are retired.

### ▶ WILL I HAVE ANOTHER OPPORTUNITY TO TAKE THE DISCOUNT OPTION IN THE FUTURE?

San Isabel Electric has not offered a discounted power supplier capital credit opportunity before. Currently, the co-op has no plans to make another discounted power supplier capital credit offer in the near future.

### ▶ IF I CHOOSE TO OPT IN, WHAT HAPPENS TO THE DIFFERENCE BETWEEN THE TOTAL BALANCE AND THE CASH PAYMENT RECEIVED?

The amount of the difference, also known as the discount, will be maintained in a capital account as a permanent investment in your name. It is non-redeemable.

We're here to help! For questions about capital credits, please visit [siea.com/capitalcredits](http://siea.com/capitalcredits), call 719-547-2160 or email [capitalcredits@siea.com](mailto:capitalcredits@siea.com).



**Want another capital credit check in 2019?**

**Discount offer coming soon!**

### **Watch your mailbox for an opt-in letter**

For the first time, San Isabel Electric will offer co-op member-owners a chance to cash out their power-supplier capital credits at a discounted rate. This is a rare opportunity that isn't going to come around again for another 20 or more years.

Opt-in letters will be mailed to members in October. For more info, go to [siea.com/CapitalCredits](http://siea.com/CapitalCredits)



[siea.com/CapitalCredits](http://siea.com/CapitalCredits)   
[capitalcredits@siea.com](mailto:capitalcredits@siea.com)   
719-547-2160 

**Look for your opt-in form in the mail in October.**