



### Add it up.

You are a member-owner of North Western Electric Cooperative.



You pay your monthly electric bill in order to help cover the cooperative's operating expenses.



The cooperative's operating expenses are subtracted from money that is collected throughout the year.



Based on your patronage and the decision of the board, your capital credits are retired back to you.



A credit is applied to the bill of your main account if you are an active member. Inactive members will receive a check if the retired amount is over \$5.

### The Cooperative Difference

North Western Electric Cooperative is a not-for-profit, member-owned electric company. Abiding by one of the Cooperative's Seven Principles: Member Economic Participation, the board of trustees determines the retirement of capital credits to its members, based on the cooperative's financial stability. Capital Credits are just one of many differences that set cooperatives apart from other business models.

#### *Serving you locally.*

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**NORTH WESTERN ELECTRIC**

# capital credits

everything you need to know about the monetary benefits of being a cooperative member



AS A MEMBER OF NORTH  
WESTERN ELECTRIC  
COOPERATIVE, YOU ARE  
ALSO AN OWNER...



A Touchstone Energy<sup>®</sup> Cooperative 



North Western Electric Cooperative is a not-for-profit organization. Owned by its member-consumers, the money to cover day-to-day operating costs of the cooperative comes directly from the members paying their monthly electric bills.



At the end of the year, North Western Electric Cooperative subtracts operating expenses from the amount of money collected and the remaining balance is called the margin.



The margins left over at the end of the year are allocated, or assigned, to your capital credit account based on individual patronage (the number of kWhs you purchased from North Western Electric each year).

Your capital credit account, similar to a bank account, is the accumulation of margins that have been allocated to you each year based on your patronage. At the end of each year, the cooperative deposits your allocated patronage into your capital credit account.



Each year, the board of trustees retires 20% of the previous year's capital credits. They may also retire any additional amounts based upon the financial stability of the cooperative. The board of trustees was delegated this responsibility in the cooperative's code of regulations.



When the board retires capital credits, if you are an active member, the cooperative will apply a credit to the bill of your main account. Inactive members will receive a check if the retired amount is over \$5.

If you have moved out of North Western Electric Cooperative's service territory, we will mail a check to you for any eligible retirement, so it is extremely important that we have your current mailing address on file.

### Definitions:

- 1 **Member** | At the cooperative, you are more than a customer, you are a member-owner.
- 2 **Operating Costs** | The cost to maintain, repair and construct the electric system (poles, wires, substations, etc.).
- 3 **Margin** | At the end of the year, North Western Electric Cooperative subtracts operating expenses from the amount of money collected and the balance is called the margin.
- 4 **Allocate** | An approved method used to assign the margins to an individual's capital credit account.
- 5 **Patronage** | At the cooperative, your patronage is the amount of money you paid on your electric bill each year.
- 6 **Retire** | A payout from your capital credit account. The cooperative withdrew money from your capital credit account and applied it as a credit to your bill based on the board's approval of capital credit retirement.

