
POLICY:

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members.* And, as such, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy in excess of those operating costs and expenses properly charged to the furnishing of electric energy. This policy shall be carried out in accordance with the procedures outlined below and with all other provisions of the bylaws of the Cooperative.

PROCEDURE:

1. Allocation of Operating Margins: All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.
2. Non-operating Margins: All other amounts received by the Cooperative from its operations in excess of costs and expenses (a) shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, may either become permanent equity of the Cooperative or be allocated to its members on a patronage basis, as determined by board policy.
3. Notice to Members: The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to his account.
4. General Retirement: If at any time the board of trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credits to members' accounts may be retired in full or in part. The board of trustees shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital, unless otherwise provided for by law.
5. Retirement to Estates of Deceased Members: In accordance with Policy Bulletins 505 and 512, the board of trustees shall have the power to retire capital credits to the estate of a deceased member who was a natural person, in the manner agreed upon by the board and the legal representative(s) of such member's estate; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

RESPONSIBILITY:

Board of Trustees, Manager, Office Personnel

* *The word "member" includes non-members being served inadvertently*