

Members of Alger Delta Cooperative Electric Association are owners of the Cooperative. A notice was mailed recently to notify all members current and inactive of their ownership balance. This is a notice only and no action is required. Below are some commonly asked questions regarding patronage capital credits:

What Are Patronage Capital Credits?

Patronage Capital Credits reflect each member's ownership in the cooperative. Electric cooperatives like Alger Delta are non-profit corporations. Alger Delta does not earn profits for investors. Instead, any margins or revenues related to the sale of electric service remaining after all expenses have been paid are returned to the cooperative's members in proportion to their electrical usage.

How are Patronage Capital Credits returned to members? "Retiring" – that is – paying back or returning Patronage Capital Credits is a two-step process:

Step 1: Allocation An allocation determines your share of the cooperative's margin in a particular year. Margins are "allocated" or assigned to members who belong to the cooperative during the year in which a margin is generated. The allocation is based on how much energy the member used as a proportion of the overall electrical usage for that year. Each member's portion is referred to as a "capital credit allocation."

Step 2: Retirement Once Patronage Capital Credits are allocated they are retained by the cooperative for some number of years. The number of years can change based on the overall financial performance of the cooperative and other factors. Patronage Capital Credits are retained because Patronage Capital Credits are the most significant source of equity for the cooperative. Equity is used to help meet the expenses of the cooperative, such as paying for new equipment to serve members and repaying debt. Patronage Capital Credits help keep energy rates affordable by reducing the amount of money that must be borrowed to grow and/or maintain Alger Delta's existing electric system.

When will my Patronage Capital Credits be retired or paid to me? That depends on how well the cooperative is doing from year to year. The board of directors is charged with reviewing the cooperative's financial position and determining whether or not to declare a retirement (your cash back payment).

How often are you going to notify me about my Patronage Capital Credits? Alger Delta will send you a notice every year telling you how much Patronage Capital Credits are allocated to you and notifying you if the board of directors has elected to retire Patronage Capital Credits. After 2013, the notice will be included in your electric bill.