Glossary of Terms

**Capital Credits**
Margins credited to members of a cooperative based on their purchases from the cooperative; used by the cooperative as working capital for a period of time, then paid back to the membership; also called patronage capital; should not be confused with profits, which are a return on capital; Retirement of patronage capital is a return of member-furnished capital.

**Cooperative Principles**
The cooperative principles are: 1) open and voluntary membership; 2) democratic member control; 3) member economic participation including limited return of surplus to members; 4) cooperative autonomy and independence; 5) cooperative education, training and information; 6) cooperation among cooperatives, and 7) concern for community.

**Margins**
The difference between a cooperative’s income and its expenses; returned to members in the form of capital credits as the cooperative’s financial status allows.

**Capital Credit Accounts**
Margins credited to members of a cooperative based on their purchases from the cooperative; used by the cooperative as working capital for a period of time, then paid back to the membership; also called patronage capital; should not be confused with profits, which are a return on capital; Retirement of patronage capital is a return of member-furnished capital.

...the members are entitled to a share. That’s the philosophy behind member equity.
In 2011, RGEC began retiring capital credits to those who were members during 1951 - 1976. If you are a member, former member, or the heir of an estate with a capital credit check pending, please carefully review the board policy and procedures to find out how to claim any capital credits payments to which you may be entitled by visiting www.riogrande.coop.

**What This Means for Members of RGEC**

At RGEC, your equity is based on the amount of energy used during the year - the more you use, the higher your share of equity. RGEC sets up a capital credit account showing the share of the year’s accrued margins allocated to you. As additional member equity funds come in year after year, RGEC is able to “retire” some of its accrued capital credits for specific years, issuing patronage capital refunds to members.

The elected board of directors and company policy determine how and when capital credits are paid - or “retired” - to members. RGEC’s policies outline the formula for retirement of capital credits on a rotating basis. The retiring of capital credits depends on the successful operation of the cooperative, its financial status and the level of loan repayments.

**Where do capital credits come from?**

As a member of an electric cooperative, you receive a benefit reserved for owners of a company - a return on your investment through the disbursement of capital credits. Capital credits come from the margins a cooperative has left over after paying all of its expenses in a given year. At the end of the year, margins (if any) are allocated to each member’s account according to the amount of energy used. When RGEC’s finances permit, margins are returned to members in the form of capital credit retirement.

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**Questions about your capital credits?**

Contact RGEC’s Consumer Accounting Dept. 800-749-1509

**MARGINS**

**Capital Credit ALLOCATIONS**

**What Does RGEC Do With Unclaimed Capital Credits?**

RGEC seeks out the former member-owners who are due capital credits, even if they are no longer on our system. RGEC posts the names of the member-owners who have unclaimed capital credits on the website. If the member-owner does not claim them, and the capital credits remain unclaimed for 3 years or more, then they are transferred to the State Comptroller’s Office.