



Howell-Oregon Electric Cooperative, Inc.
PO Box 649 West Plains, MO 65775

Frequently Asked Questions on Patronage Capital

(Every effort has been made to answer all your questions on patronage capital with this document. Should additional questions arise and you choose to call the cooperative office, be aware that you may experience a delay in getting through on our telephone system as a large volume of calls are anticipated)

What is patronage capital?

Patronage capital, also called margins, for any given year, is the difference between that year's operating income and operating expenses. Margins are allocated on an annual basis to the cooperative membership based upon their individual usage during that year. Each member has a patronage capital account, which represents that member's ownership in the cooperative. For example, in 1978 a residential member with an average electrical usage for the entire year had an allocation of approximately \$7.66 for that year. Cooperatives operate differently than other businesses in two ways: 1) We are not designed to create a profit for a small number of shareholders as many businesses are. 2) We are owned by those we serve, therefore, allocated margins, at some point in time, are returned to the membership.

Why did I receive this check?

Howell-Oregon Electric Cooperative members that received service from the cooperative during the years **1947 through 1988** will receive a patronage capital retirement check.

Why did you wait until now to begin retiring patronage capital to the membership?

Your cooperative has invested \$47 million in its electrical system over the last twenty years. This has been done to maintain and improve the reliability of electricity to each member. Patronage capital allocated, along with borrowed funds were the primary method to fund these system improvements. Your cooperative foresees less investment being needed over the next few years, giving us the opportunity to retire a portion of the patronage capital allocated. **This retirement of patronage capital covers those members that had service with the cooperative during the years 1947 through 1988.**

I did not think cooperatives were supposed to make money.

We are required by our lending institutions to meet certain financial requirements. This shows that your cooperative is financially stable. What margins we do make are assigned to the membership.

How did you determine the amount of my check?

The amount of the check is based upon the amount of margins generated the year being retired. Each member was allocated a portion of the margins generated based upon their individual usage during that year. For example, in 1978 a residential member with an average electrical usage for the entire year had an allocation of approximately \$7.66 for that year. These allocated margins represent that member's ownership in the cooperative for that year. **The patronage capital retired by Howell-Oregon Electric Cooperative is for the years of 1947 through 1988.** When appropriate, the allocation for each year and all location numbers were combined into one total.

Why did you mail me a check for such a small amount?

Each member that received service from the cooperative from 1947 through 1988 will receive a patronage capital retirement check. In many cases, the time period the member received service from the cooperative may have been relatively short. It is the intent of the cooperative to issue a patronage capital retirement check to members that were served by Howell-Oregon Electric Cooperative from **1947 through 1988.**

Why did I receive multiple checks?

Patronage capital retirement checks were mailed to accounts based upon the proper name and the last known mailing address. In many cases the same individual might have their information listed slightly different resulting in what appears to be two separate accounts (ex. Jane Doe vs. Jane C. Doe). Individual checks help to ensure that each member that should receive a check does so. For those accounts where all information matched completely, the allocation for each year and all location numbers were combined into one total. If you received a check that is not yours, please return it to the cooperative.

Why did some members not receive a patronage capital check?

Membership with Howell-Oregon Electric Cooperative is established by having electric service with the cooperative for a fixed period of time. **The years returned in the initial retirement of patronage capital was for the years 1947 through 1988, so only those that were members during that time period received a patronage capital check.** If you were a member during this time period, we are estimating that it could take up to four weeks for all checks to be processed. Please allow this time frame before contacting our office for inquiry on your check. After this period has passed, if you still have not received a check, a claim form can be found on our website at www.hoecoop.org. Claim forms are required to ensure that checks get to the rightful owner. A photo ID will also be required before any checks returned to Howell-Oregon Electric Cooperative can be issued to the owner.

What do I do if I received a check at my address that was not made out to me?

All checks were mailed to the last known address of the member. Checks deemed to be undeliverable by the Postal Service will be returned to the cooperative. If the check you received does not belong to you, please return it to the cooperative.

My relatives are deceased/legally incapable. What happened to their check?

All checks were mailed to the last known address of the member. Checks deemed to be undeliverable by the Postal Service will be returned to the cooperative. Legal guardians/heirs/estates may claim these checks subject to submitting a request and providing the necessary documentation to establish a relationship. The State of Missouri sets forth the documentation for determining who should receive these funds. The required documentation is as follows: 1) If you are acting as Guardian, Conservator or Agent under Power of Attorney, submit a copy of your Appointment or Power of Attorney; **OR** 2) If you are claiming on behalf of an estate, submit a copy of your Letters of Administration or a judgement from the Court; 3) A photo ID will also be required. A request form that needs to accompany the above documentation can be found on the Howell-Oregon Electric Cooperative website at www.hoecoop.org.

What if I do not have this documentation?

The State of Missouri has set forth the documentation that will be required. We must comply with the State of Missouri's requirements. It is recommended that if you have a question on how to meet the documentation requirements established by the state you should contact those professionals responsible for estate planning.

Will I receive a check each year?

Each year the financial position of the cooperative will be evaluated and a decision on the retirement of patronage capital made. The amount of any check would be dependent on the year being retired.

What impact will this check have on my electric bill?

Providing a patronage capital retirement check does come at a cost to your cooperative. It is likely that the retirement of patronage capital will impact your future electric rates. It should be noted that this will always be the case, and it has been determined that the costs of providing patronage capital refunds is less costly to the membership by doing it now rather than at a later date.

May I call Howell-Oregon Electric Cooperative and speak with someone about this matter?

Most member questions can be answered by reading the frequently asked questions and responses on these two pages. We anticipate our telephone lines to be quite busy during the first four weeks after checks are mailed. It is recommended that members allow four weeks from the receipt of the patronage capital retirement check to contact the cooperative. Cooperative business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.