



Howell-Oregon Electric Cooperative, Inc.
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Frequently Asked Questions on Patronage Capital

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. 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 (HOEC) is pleased to announce that it has retired patronage capital for the years 1997 and 1998. Members that received electric service from the cooperative during the years 1997 and 1998 were included in this retirement.

How did you determine the amount of my retirement?

The amount of the retirement is based upon the amount of margins generated for the year(s) being retired. Each member was allocated a portion of the margins generated based upon their individual usage during that year. These allocated margins represent that member's ownership in the cooperative for that year. The patronage capital retired by HOEC is for the years of 1997 and 1998.

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 HOEC is established by having electric service with the cooperative for a fixed period of time. This retirement of patronage capital is for the years 1997 and 1998, so only those who were members during this time period would have received a patronage capital retirement. We are estimating that it could take up to two weeks for all written checks to reach their destination. After the two week period, if you have not received a check and you were a member of HOEC during 1997 and 1998, please visit our website at www.hoecoop.org to download a claim form, or contact the cooperative office. A claim form and photo ID will be required before any checks returned to HOEC can be issued to the owner.

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

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. If you are acting as Guardian, Conservator or Agent under Power of Attorney, submit a copy of your Appointment or Power of Attorney. If you are claiming on behalf of an estate, submit a copy of the death certificate along with your Letters of Administration, a judgement from the court or a small estate affidavit. Your photo ID will be required for all claims. A claim form needs to accompany the above documentation and can be found on the HOEC website at www.hoecoop.org.

If my relatives are deceased, can I receive the rest of their patronage capital sooner rather than later?

Legal representatives of a deceased member's estate may now retire the estate's entire patronage capital currently rather than waiting until the general retirements are issued. When retiring a patronage capital account for an estate early, HOEC uses a present value calculation to determine the current value of the future retirement to ensure fairness with current members who will receive their general retirement of patronage capital at a later date.

Can I have my future patronage capital assigned to someone else?

HOEC is now also able to offer a convenient process regarding future patronage capital retirements. An individual may now assign their own patronage capital or the patronage capital of an estate they represent to someone else, resulting in future patronage capital retirement checks being issued in the new name.

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 will be made. The amount of any check would be dependent on the year being retired. HOEC has previously retired patronage capital for all years prior to and including 1996. This year your cooperative has retired patronage capital for the years 1997 and 1998.