

POWERLINE

A monthly newsletter for co-op members of Corn Belt Energy

August 2015

CAPITAL CREDITS

One of the Many Benefits of being a Corn Belt Energy Cooperative Member

It's time for you to get the credit — capital credits, that is— for helping build, sustain, and grow your local electric cooperative. This summer, Corn Belt Energy will retire — or payout — more than \$8 million to co-op members like you across portions of 18 counties served by the co-op.

When you signed up to receive electric service from Corn Belt Energy you became a member of an electric utility. While investor-owned utilities often return a portion of any profits back to their shareholders, electric co-ops operate on an at-cost basis. So instead of returning leftover funds, known as capital credits, to people who might not live in the same region or even the same state as you do, Corn Belt Energy allocates and periodically retires capital credits (also called patronage dividends, patronage refunds, patronage capital, or equity capital) to our member/owners based on how much electricity you purchased during a year.

This is the largest single retirement in the cooperative's 77-year history. Capital credits will be returned to those who were members during 2013, and/or 2014; these members/former members will receive approximately \$4.8 million of their capital credits allocation from these two years.

In addition, approximately \$3.2 million in capital credits will be returned to those who were members from 1982-1985, plus a portion of 1986 in our Central Region (Champaign, DeWitt, Ford, Livingston, Logan, Macon, McLean, Piatt, Tazewell and Woodford counties) and to those who were Illinois Valley Electric Cooperative members from 1968-1976 in our North Region (Bureau, Henry, Kendall, Knox, La Salle, Marshall, Putnam and

Stark counties). These members/former members will receive 100% of the capital credits allocated from these years (except for 1986 which will include only a portion). That may seem like a long time ago. However, those funds helped us keep the lid on rates, reduced the amount of money we needed to borrow from outside lenders to build, maintain, and expand a reliable electric distribution system, and covered emergency expenses. Checks will be sent to the last-known residences of these account holders if they are no longer a member.

For more information, please refer to the following frequently asked questions:

WHAT ARE CAPITAL CREDITS?

An electric cooperative operates on an at-cost basis by annually “allocating” to each member, based upon the member’s purchase of electricity, operating revenue remaining at the end of the year after all expenses have been paid. Later, as financial condition permits, some of all of these allocated amounts—capital credits—are retired. Capital credits represent the most significant source of equity for Corn Belt Energy. Since a cooperative’s members are also the people the co-op serves, capital credits reflect each member’s ownership in, and contribution of capital to, the cooperative. This differs from dividends investor-owned utilities pay shareholders, who may or may not be customers of the utility.

WHERE DOES THE MONEY COME FROM?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans, and provide an emergency reserve. At the end of each year, we subtract operating expenses

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CAPITAL CREDITS

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from the operating revenue collected during the year. The balance is called an operating "margin." Margins are allocated as capital credits.

HOW ARE MARGINS ALLOCATED?

Margins are allocated to members as capital credits based on their electric kilowatt purchases from the cooperative—how much power the member used. Member purchases may also be called patronage.

ARE CAPITAL CREDITS RETIRED EVERY YEAR?

Each year, the Corn Belt Energy Board of Directors makes a decision on whether to retire capital credits based on the financial health of the cooperative. During some years, the co-op may experience high growth in the number of new accounts, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs and decrease member equity, causing the board not to retire capital credits. For this reason, Corn Belt Energy's ability to retire capital credits reflects the cooperative's strength and financial stability. The board alone decides whether to retire capital credits.

HOW MUCH WILL BE RETIRED IN TOTAL IN 2015?

More than \$8 million will be retired in 2015.

HOW MUCH HAS CORN BELT ENERGY PAID IN TOTAL CAPITAL CREDITS RETIREMENTS SINCE IT BEGAN IN 1938?

Corn Belt Energy has paid over \$30 million in capital credits retirements to current and former members to date.

HOW OFTEN DO MEMBERS RECEIVE CAPITAL CREDIT RETIREMENTS?

The Corn Belt Energy Board of Directors makes a decision each year whether or not to retire capital credits. When the cooperative is strong enough financially and member equity levels high enough, the board directs staff to retire some portion of past years' capital credits.

HOW WILL THE RETIREMENT WORK?

Inactive or former members who no longer purchase electricity from Corn Belt Energy (but who purchased electricity during the years being retired) will receive a check. Due to the expense involved in processing printed checks, the minimum retirement check that will be written to current members will be \$10.

WHAT IF I HAVE MOVED?

If you move or no longer have electric service with Corn Belt Energy it is important that you inform the cooperative of your current address, so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of the Corn Belt Energy service area. If we have your current address, then Corn Belt Energy will send your retirement check by mail.

If you have additional questions about the Corn Belt Energy capital credit retirement, please contact us at 1-800-879-0339.

Record Attendance at 77th Annual Meeting

Approximately 1,400 cooperative members and their families attended Corn Belt Energy Corporation's 77th Annual Meeting, which was held at Central Catholic High School in Bloomington on the afternoon of Friday, June 19. The theme for the meeting was "People, Power, Progress."; and a record number of members were in attendance making for a successful meeting. Attendees enjoyed complimentary lunch, music from American Pie featuring Randy and Kathy Burris, educational workshops, bucket truck rides, and several free activities for children.

During the business meeting, Board Chairman Rae F. Payne remarked on how prudent fiscal responsibility affords Corn Belt Energy the ability to do many things like reinvest in its infrastructure and maintenance program to maintain reliability. It also allows Corn Belt Energy to do capital credit retirements. Capital credits are periodically returned to members as the financial condition of the Cooperative dictates. It was formally announced that \$8 million will be disbursed to members as retired capital credits starting in August. Nearly \$30 million has been disbursed to members since the Cooperative was formed in 1938.

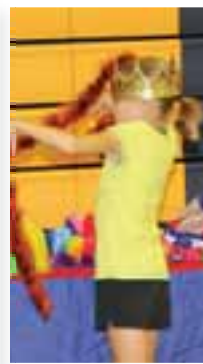
The following Directors were elected to serve three-year terms: Denise Mayes of Bloomington (District 1), Jan Reimer of Carlock (District 1), Gary Archey of Clinton (District 4), and Charles Meisenheimer of Walnut (District 7).

After the meeting, the Directors organized and re-elected Mr. Payne as Chairman, Charles Meisenheimer as Vice Chairman, Albert Hagenbuch as Secretary Treasurer, and Janice Reimer as Assistant Secretary Treasurer.



Pictured left to right: Elected Directors, Charles Meisenheimer, Denise Mayes, Jan Reimer and Gary Archey.

Thank you to all who attended the 2015 Corn Belt Energy Annual Meeting. Below are a few photos from the event. Please visit our Facebook page for more Annual Meeting photos.





Contact Us

1-800-879-0339

Call this number to report an outage and call from a phone associated with your account if possible.

LOCATION

1 Energy Way
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OFFICE HOURS

8:00 AM - 4:30 PM
Monday - Friday

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Your Touchstone Energy® Cooperative 

Youth to Washington Tour

Jyotsna Bitra and Shea Dougherty represented Corn Belt Energy in Washington, D.C., during the annual “Youth to Washington” Tour, June 12-19. This event, sponsored by the electric and telephone cooperatives of Illinois since the late 1950s, is an introduction for rural youth to our democratic form of government and the cooperative business model.



Pictured above: Jyotsna Bitra and Shea Dougherty

The students met with Congressman Adam Kinzinger and were among 65 rural Illinois youth leaders selected for the trip. The Illinois students joined more than 1,600 young leaders from across the country from 44 states. In addition to the Capitol, they also visited Gettysburg, Arlington National Cemetery, the Washington National Cathedral, several Smithsonian Museums, The U.S. Supreme Court, the U.S. Holocaust Memorial Museum, the World War II Memorial, memorials to Presidents Lincoln, Jefferson, Washington and Roosevelt, the Royal Embassy of Saudi Arabia, the Newseum and a number of other historical sites.

During the trip, Jyotsna Bitra was chosen by her peers to represent Illinois on the Youth Leadership Council of the National Rural Electric Cooperative Association. The YLC is a year-long appointment and Bitra will represent Corn Belt Energy and the state’s cooperatives at national and state meetings and events in the year ahead.

Connect with your co-op

Keep in touch with your electric cooperative throughout the year for safety information, energy efficiency tips, outage updates and more! If you have a Quick Response Code app on your smartphone, simply scan these QR codes to connect with us online.



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