



## Capital Credits — Allocations and Retirements



Mike Smith  
President and CEO

Your electric co-op makes every member an owner of the business. Unlike other electric utilities, your co-op exists to make sure your needs are always met, not to make a profit.

Instead, any revenues over and above the cost of doing business are considered “margins”. These margins represent an interest-free loan of operating capital by the membership to the co-op. This capital allows McDonough Power to finance operations and—to a certain extent—construction, with the intent that this capital will be repaid to you in later years.

We have provided answers to some questions for a better understanding of capital credits.

### What's the difference between allocated and retired capital credits?

Allocated capital credits appear as an entry on the permanent financial records of the co-op and reflect as your equity or ownership in McDonough Power. When capital credits are retired, a check is issued to you and your equity in the co-op is reduced.

### How often will I receive an allocation notice?

You should receive an allocation notice annually after the finances for the previous year's books have been completed. Notices for the 2011 allocation were mailed in June of this year.

### How are capital credits calculated?

The amount of capital credits you earn in a given year is based upon the amount of capital you contribute to the co-op through payment of your monthly bills. The more electric service you buy, the greater your capital credits account—although the percentage will remain the same. The sum of your monthly bills for a year is multiplied by a percentage to determine your capital credits. 525B8-951A

### What percent of my bill is returned as capital credits?

The percentage of your total payment that is allocated as capital credits varies from year to year, depending on the success of the co-op.

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## 1983 & 1984 Capital Credits to be Retired in August

The McDonough Power Cooperative Board of Directors has authorized retiring the remaining capital credits that were allocated in 1983 and a portion of 1984.

The Board is excited to return your investment in your electric cooperative with this capital credit retirement. As a member of McDonough Power Cooperative during 1983 and 1984, you helped provide the funding to build and maintain the electric system. As a not-for-profit cooperative, all funds not used to pay the wholesale power bill and operating expenses are invested in the facilities, as opposed to borrowing all the money needed for upgrades and growth.

The capital credit check you will receive in August reflects your portion of the margins made and invested during that time period. With this general retirement, over \$275,000 will be returned to the members who participated in the cooperative's business. Unlike investor-owned utilities that pay dividends to their stockholders who are often far removed from the service provided, cooperatives return their margins to the members—those who used the service and provided and important investment. 532RM47-900A

We believe this is just one of the cooperative differences that makes serving you and our communities a pleasure.



# McDonough Power Cooperative

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Office hours:  
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Michael Cox, Chairman

Steve Lynn, Vice Chairman

Steve Youngquist, Secretary

Stan Prox, Treasurer

Robert J. Dwyer

Steve Hall

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Jeffrey Moore

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### **Do I have to be a member for an entire year to earn capital credits?**

No. Capital credits are calculated based upon a member’s monthly bills. If you are billed for service even one month, you will accumulate some capital credits—as long as McDonough Power earns margins in that year.

### **What happens to the capital credits of a member that dies?**

The capital credits of a deceased member may be paid at a discount without waiting for a general retirement. However, these estate payments are not automatic. A representative of the estate must request the credits by submitting a certification of entitlement form and a copy of the death certificate. If the membership is jointly held by a spouse, the estate will only be

retired after both the member and the spouse are deceased.

### **Will I receive a capital credits check every year?**

Not necessarily, the Board of Directors must authorize a retirement before you receive a check. When considering a retirement, the Board analyzes the financial health of the cooperative and will not authorize a retirement if McDonough Power cannot afford it.

### **Are capital credits paid out to members when they move away from the service territory?**

No. Members who move from the service area are not entitled to accelerated payments but should keep McDonough Power informed of their current address so future payments can reach them.

## McDonough Power Cooperative represented at key meetings

The Cooperative is based on maintaining effective relationships with members and meeting their needs while handling the critical issues that face the electric industry. A portion of McDonough Power’s success comes from education. Directors and staff must stay informed on legislation, environmental concerns, future power supply, advancements in technology, etc. **837C4-656A**

The National Rural Electric Cooperative Association’s (NRECA) 2012 Annual Meeting allows professionals to expand their abilities as leaders and learn more about today’s issues. This year, directors Bob Dwyer, Walt Lewis, Steve Lynn, and Stan Prox represented McDonough Power by taking part in NRECA’s 70th Annual Meeting. The annual gathering of

cooperative leaders from across the country is a time to celebrate the strength of the cooperative network, conduct important business of the association, and focus on how cooperatives can continue the mission of providing members with affordable and reliable electricity.

Every May, NRECA welcomes co-op grassroots advocates to Washington for the annual Legislative Conference. President and CEO, Mike Smith and director Stan Prox represented McDonough Power. Directors, managers, and employees of electric cooperatives throughout the United States spend time on Capitol Hill talking to their congressional delegations and staff about legislative issues affecting electric cooperatives and their member-owners.



# Renters have the power to save electricity

By Magen Howard

If you rent your home, it often seems that you can't do much to control your electric bills. But in reality, there are many low- or no-cost tricks that you can put into place to cut down on electricity use.

"Usually leases forbid renters to make alterations to a structure, so your energy-saving solutions have to be simple," says Brian Sloboda, a senior program manager specializing in energy efficiency with the Cooperative Research Network, an arm of the Arlington, Va.-based National Rural Electric Cooperative Association.

## Electronics and Appliances

The notion that regularly powering down your computer will shorten its life is outdated. Nowadays, computers tend to become outdated themselves before frequent shutdowns cause any damage. The U.S. Department of Energy consumer website, EnergySavers.gov, offers this guideline: If you won't use your computer for more than 20 minutes, shut off the monitor; if you won't use it for more than two hours, shut the whole thing down.

However, there is a caveat: If your computer takes its time waking up, your own time might be worth more than the electricity you save. **8336B9-652C**

Most electronics feature a glowing light when turned off—that means they're still drawing electricity. A quick fix for this "vampire," or phantom, load involves plugging various devices into a power strip. Simply flip the switch on the power strip when you won't be using the devices.

While your hands are most likely tied when it comes to the types of major appliances installed, if one needs to be replaced, lobby your landlord to purchase an ENERGY STAR model. Visit [energystar.gov](http://energystar.gov) for more information on particular products.

## Weatherizing

A roll of weather stripping and a tube of caulk can go a long way in saving

energy and money. Check for gaps around doors and windows. Can you see daylight? If so, ask your landlord if you can seal cracks and reduce air flow.

The Air Sealing section on EnergySavers.gov offers tips on the right types of weather stripping and caulk for your residence. While you're talking to your landlord, ask if he or she will pay the cost if you do the labor.

Look to your windows for additional savings. Of course, you probably can't replace them, but if they're drafty in the winter, try sealing kits you can purchase at any home improvement store. These plastic sheets fit over your window to block drafts. Curtains can also help—close them in the summer to block sunlight, and open them in the winter to let the warmth in.

## Useful Tips

A few more simple tips can help shave your electric bills:

- When lightbulbs burn out, replace them with compact fluorescent lamps (CFLs). If they have an ENERGY STAR label, these bulbs typically last up to 10 times longer than traditional incandescent bulbs and use 75 percent less electricity.
- Use your vacuum to clean coils in the bottom panel of your refrigerator. Never figured out where those

coils are? Search "Together We Save refrigerator coils" on Youtube.com to watch a video.

- Similarly, keep your dryer vents clean. Clogged refrigerator coils and dryer vents will cause your appliances to work harder and increase the risk of fire.
- Don't allow furniture to block air vents, and shut the vents in rooms you don't use.
- Check the temperature on your water heater. These devices don't need to be set at more than 120 degrees Fahrenheit for daily showers and chores.

## Call Your Co-op

When you're trying to save energy and money, it's good to know you're not alone. Call or e-mail Kelly Hamm at 309.833.2101 or [memberservices@mcdonoughpower.com](mailto:memberservices@mcdonoughpower.com) for more information.

Sources: U.S. Department of Energy ([EnergySavers.gov](http://EnergySavers.gov)), Cooperative Research Network

Magen Howard writes on consumer and cooperative affairs for the National Rural Electric Cooperative Association, the Arlington, Va.-based service arm of the nation's 900-plus consumer-owned, not-for-profit electric cooperatives.



## Tip of the Month

Water heating ranks as one of the top three energy-related expenses in your home. Save energy and money by installing a water heater blanket, using low-flow showerheads and faucets, and lowering the thermostat on your water heater to 120 degrees Fahrenheit. Learn more at [EnergySavers.gov](http://EnergySavers.gov).

Source: U.S. Department of Energy

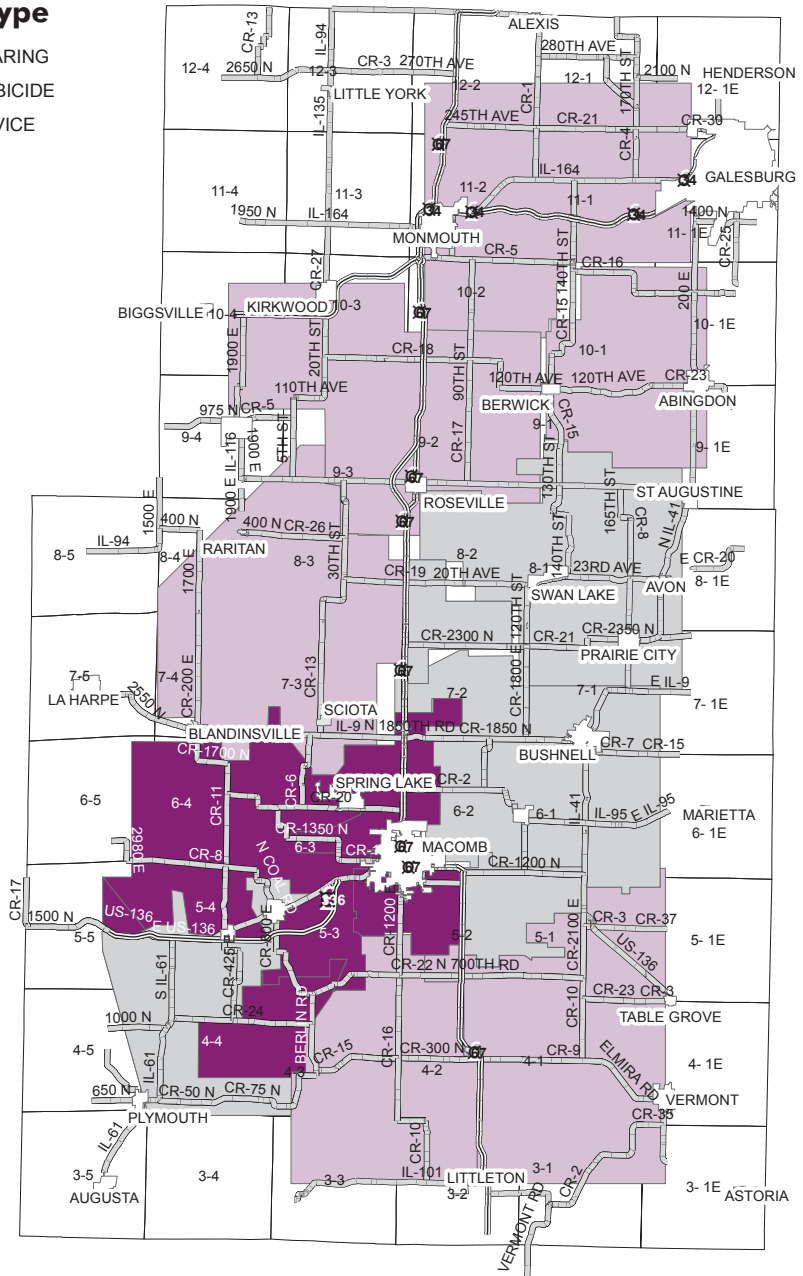


# Right-of-Way Management activities in McDonough Power Cooperative Service territory

McDonough Power Cooperative has once again contracted with Spoon River Electric Cooperative (SREC) to perform vegetation management in the following areas beginning August 2012 and continuing through the summer. The affected areas include – Roseville, Avon, Prairie City, Bushnell, Macomb, Colchester and Blandinsville (see map). This work might include cutting, trimming, mowing and application of environmentally safe herbicides. Vegetation management work is necessary to protect the integrity of the electric system and to prevent potential safety hazards. SREC personnel are licensed by the Illinois Department of Agriculture and are experienced in all aspects of tree pruning and herbicide application. If you have any concerns regarding work to be done in your area, please contact our office at (309) 833-2101.

## Work Type

- CLEARING
- HERBICIDE
- SERVICE



## Member Prizes

Every month we will have four map location numbers hidden throughout The Wire. If you find the map location number that corresponds to the one on your bill (found above the usage graph), call our office and identify your number and the page that it is on. If correct, you will win a \$10 credit on your next electric bill.



Our office will be closed for Independence Day on July 4, 2012.