

POWERLINE

NEWSLETTER FOR CO-OP MEMBERS OF CORN BELT ENERGY



EDITION: OCTOBER 2019

Capital credits

One of the many benefits of being a co-op 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 fall, Corn Belt Energy will retire — or payout — \$7 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 one of the largest single retirements in the cooperative's 81-year history. \$3.5 million in capital credits will be returned to those who were members during 2017 through 2018. In addition, approximately \$4.3 million in capital

credits will be returned to those who were members from 1992 through 1994.

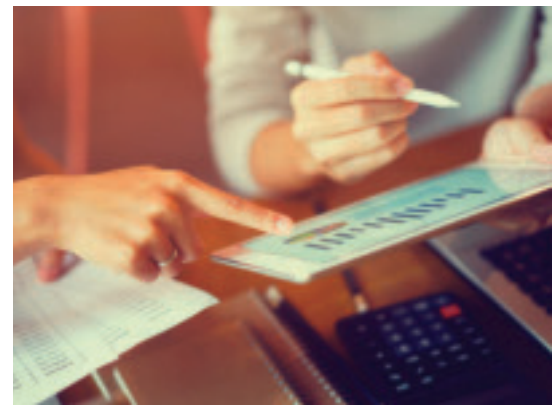
That may seem like a long time ago. However, those funds helped us keep rates affordable, reduced the amount of money we needed to borrow from outside lenders to build, maintain, and expand a reliable electric distribution system, and covered emergency expenses. Checks will be sent to the last-known 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 from the operating revenue collected during the year. The balance is called an operating "margin." Margins are allocated as capital credits.

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WHAT TO DO DURING AN OUTAGE

Power outages can be caused by many things; ice accumulation weighs down power lines, tree limbs break off into the lines, an animal gets too close to a warm transformer, or maybe a car hits a utility pole. Here are some steps to take if you experience an outage:

Step 1: Make sure the outage is on our end; check your fuses and breakers and see if your neighbors have lights.

Step 2: Report your outage through our free SmartHub app or by calling our automated outage reporting system at 1-800-879-0339. These two reporting mechanisms tie directly into our outage management system (OMS) for efficient and cost-effective reporting. Some members are concerned when they call in and don't speak to a live person; if the automated phone system tells you that we've recorded your outage, our dispatch center has been immediately notified through the OMS.

To make the outage process even more efficient, **make sure we have your current phone number(s) associated with your account.** Check your latest bill stub or log in to your online SmartHub account to see which number(s) are currently linked to your account. Don't worry - we won't sell or share your contact information with anyone else.

Please do not report your outage to us via Facebook or Twitter as these outlets are not manned 24/7 and are not directly linked to our OMS.

Step 3: Be patient. As our outage management system is predicting the extent of the outage, our dispatch center assigns crews to investigate the issue and make necessary repairs. If your outage occurs after business hours, keep in

mind that often times linemen need to stop what they're doing and grab necessary gear and supplies before heading out to the outage location to restore power, usually in adverse weather conditions. A little bit of patience goes a long way as our linemen work as quickly and as safely as possible.

Step 4: Check our website, Facebook account or Twitter account for updates on major outages. We usually post status updates for larger outage events (*those affecting 500 co-op members or more*).

Check the extent of the outage by viewing a live outage map at www.cornbeltenergy.com. If you don't have internet access, we also post status updates on our main phone greeting at 1-800-879-0339 during major outages.

If you experience a power outage, rest assured that we're doing everything in *our* power to restore yours as quickly and safely as possible. Our co-op member-owners are our **ONLY** priority; that's the cooperative difference.



Capital credits

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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 2019?

\$7 million will be retired in 2019.

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

Corn Belt Energy has paid nearly \$47 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.

If you have additional questions about the Corn Belt Energy capital credit retirement or would like to update your address, please contact us at 1-800-879-0339.



Mark Shoemaker
Energy Services Coordinator

How long have you worked at Corn Belt Energy?

18 years

What is your role at Corn Belt Energy?

I primarily work with our metering/AMI systems along with our demand response programs.

What aspect of your role do you enjoy the most?

I like the variety every day, no matter how many things you think you have seen there always seems to be surprises.

If there is one piece of advice that you could share with our members, what would it be?

Try new things when you have the chance, you can't succeed if you don't take a chance.

Corn Belt Energy puts SAFETY FIRST. What safety tip would you share with our members?

Always call JULIE before any projects involving digging no matter how small the amount of digging required.

What are your hobbies and outside interests?

I enjoy outdoor activities, hunting, fishing and boating.

Who or what inspires you?

The outdoors and wildlife inspire me.

If you had to select a hashtag to describe yourself, what would it be?

I prefer bacon and eggs over hashtags(browns).



Thank you to everyone who came out to see us at the 2019 Farm Progress Show.



Safeguard your home this fall with surge protection

Storms often bring an increased threat of power surges which could damage your valuable electronics and appliances.

Many people think a blink in power is a surge, but these are generally caused by something such as a tree contacting a line. When a blink occurs, Corn Belt Energy's protective devices work, causing an interruption to protect the wires and other components.

What is a power surge? A power surge is defined as sudden, short-lived increase in voltage. Power surges can enter the home in a variety of ways including power lines, telephone lines, cable/satellite connections and any other metallic system that connects to your home.

Corn Belt Energy can help protect your home from the threat of power surges which could damage your valuable electronics and appliances.

Internal Surges

80% of temporary power surges come from inside the home; protect your equipment with surge protector devices like power strips. Make sure to look for the UL 1449 label, which guarantees it meets tested and approved standards. Surge protectors carry a "joule" and/or a "surge-current" rating; the higher the rating of these two categories, the higher the quality of internal surge-stopping components.

Corn Belt Energy carries several surge strips and outlet receptacles that may fit your needs.



External Surges

Whole-house protection is recommended for more severe surges, including lightning strikes. Corn Belt can install a surge protector on your exterior electric meter for \$6.95/month (200 amp meter) and a \$25 installation fee. 400 amp meter protection is available for \$8.95/month with a \$25 installation fee.

Inside your home, a panel-mounted circuit panel or service entrance suppression device (TVSS) forms a second layer of defense by greatly reducing harmful surges entering your home. A qualified electrician can ensure proper installation.

For more information, please visit our website at www.cornbeltenergy.com or call us at 800-879-0339.

CONTACT US

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