

JAMUP

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A Touchstone Energy® Cooperative 

What are capital credits?



Julie Wilke
Director of Administration & Finance

Southern Illinois Electric Cooperative (SIEC) is a local, community-focused cooperative, founded to bring energy to our area. You, and every member who

receives electric service from SIEC, own part of Southern Illinois Electric Cooperative. Capital credits are just one of the many differences that set cooperatives apart from other utility business models.

Martin J. Davault
Like all businesses, SIEC earns revenues and pays expenses. The difference between revenue earned and expenses incurred is called profit for most businesses. But for cooperatives, like SIEC, this difference is called margins. Because SIEC is a nonprofit utility, SIEC returns positive margins to members later as capital credits.

Every business needs to maintain a suitable balance between debt and equity to ensure financial health and stability. Capital credits are retained by the cooperative and are used to maintain our infrastructure so we can serve our members, as well as service the cooperative's long-term debt. Capital credits help keep rates at a competitive level by reducing the amount of funds that must be borrowed. Each month, your electric bill covers the cost of your electricity and the day-to-day operating costs and margins associated

with maintaining a safe and reliable system. Abiding by one of the cooperative's seven principles, Member Economic Participation, the board of directors determines the retirement of capital credits to its members, based on the cooperative's financial stability. Based on approval by the board of directors, capital credits are retired and paid back to you, the member. Thus, capital credits represent your share of SIEC's margins as well as your ownership of SIEC.

Bobbie J. Hillbrand
Here is how capital credits work:

1. Allocation: Each year, members are allocated the previous year's margins based on the member's electric revenue in relation to the total amount of electric revenue from all members. An allocation is directed by the board of directors. An allocation represents the member's share of ownership in a nonprofit, member-owned cooperative. SIEC notified members of the annual capital credit allocation on the Aug. 1, 2023, billing.

2. Retirement: The margin allocations accumulate over time in the member's name. They are periodically retired (refunded) when directed by the board of directors based on the financial condition of SIEC. At this time, SIEC retires capital credits using the First-In, First-Out, or FIFO method. This means that the capital credits that have been invested in SIEC for the longest period of time are returned to members first.

Frequently Asked Questions

What happens to a member's capital credit if the member no longer has an account with SIEC?

A member who terminates service no longer receives additional capital credit allocations. The balance in the member's capital credit account is maintained until it is retired in full. It is the member's responsibility to inform SIEC of any address changes so future checks can be mailed to the member for any eligible retirements. Even if you are no longer on the SIEC system, please keep your contact information current. Remember, a member's capital credits are their ownership of SIEC. Thus, this ownership is an asset that belongs to the member.

What happens to a member's capital credits if the member dies?

Capital credits earned by a deceased member are paid to the member's estate. To assist the member's heirs in closing the estate, SIEC offers a special capital credit retirement of the outstanding balance of the deceased member's capital credit account, at a discounted rate.

Why are some capital credits retirements discounted?

In the interest of fairness to all members, SIEC discounts special retirements to estates to reflect the net present value of making a capital credit retirement now that would otherwise be paid in the future. The smaller amount received today, if invested until the normal retirement date, would be equal to the normal retirement amount.

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Personnel Updates



Amy McGinness
Staff Accountant replacing
Stephanie Theis



Robbie Mayo
Director of Operations & Maintenance
replacing retiree, Todd Thurston.



Stephanie Theis
Executive Assistant replacing
retiree, Bree Hileman.

83rd Annual Meeting of the Members

Southern Illinois Electric Cooperative held its 83rd Annual Meeting of the Members at Shawnee Community College on Thursday, August 10th.

Director recognized for years of service

At the 2023 Annual Meeting held August 10th, former Southern Illinois Electric Cooperative Director, David Martin (right), is presented with a custom cornhole set by Executive VP & General Manager, David Johnston (left) on behalf of the cooperative for his years of service. Martin served on the Board of Directors for over 22 years, including in the capacity of President from 2018-2020. During his tenure, he also served on the Southern Illinois Power Cooperative Board for over 9 years, including the capacity of President from 1997-1999. We thank you for your dedication to the cooperative!



2023 SIEC Elected Directors



Scott Miller
Alexander County 3-year term



Toni Snell
Johnson County 3-year term



Kim Bakehouse
Massac County 3-year term



Member prize

In this issue of the JAMUP, we printed the names of three SIEC members who are eligible to receive a \$10 credit toward their utility bill. If you find your name printed in this center section and it's not part of the story, call Brent with your account number at **800-762-1400** to claim your prize.

SIEC Board of Directors

Bill Littrell (President) Union Co.
 Scott L. Ury (Vice President) Union Co.
 Jerry P. Thurston (Secretary-Treasurer) Pulaski Co.
 Steve Heisner Pulaski Co.
 Lamar Houston, Jr. Alexander Co.
 David Martin Massac Co.
 Scott Miller Alexander Co.
 Randall Rushing Massac Co.
 Toni L. Snell Johnson Co.
 Ronald E. Osman (Attorney)
 General Manager David A. Johnston
 Brent Goforth (Editor)

For Outages Call:
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I have an account that is in my deceased parent's names. Should I obtain membership in my name?

Yes. Membership is required by the person who is receiving electric service. Also, when you obtain a membership in your name, you will be able to retire the deceased parent's capital credit account (see previous frequently asked question).

Does the member have to report capital credits on tax returns?

Capital credits are a return of money paid for electricity in a previous year and are generally not taxable income for residential consumers.

Commercial and industrial consumers should discuss any capital credit retirements with their tax advisers.

Thank you for being a member of Southern Illinois Electric Cooperative. This information is an effort to help our members better understand capital credits and explain how your investment in SIEC is one way the cooperative difference works for you.

For questions regarding capital credits, you can always contact us during business hours to speak with a member services representative at 800-762-1400 or 618-827-3555.

HELP THE LINEMAN RESTORE POWER

Occasionally, severe weather can cause power disruptions. When outages occur, our lineworkers get to work! They restore power as quickly and safely as possible.



Help the lineman reach the transformer to fix the power outage.

