

What Are Capital Credits?

We are a not for profit organization, when we make a profit for the year it is divided among all the members.

Explanation of Capital Credits

If you had electric billed services in 2007 from CNMEC, you should have received a capital credit allocation notice. Notices were mailed on August 11,2008.

Capital Credits are derived from the difference of Revenues less Expenses (Margins).

Margins are allocated to each member in proportion to the total billings (this is everything on your bill except taxes).

Retirements are reductions in allocations in the form of a check to the member. CNMEC has a First-In-First-Out retirement.

The last year we retired capital credits was in 1990. We have retired up to 1964. See below for information on why there have not been additional retirements.

Example Only (these numbers do not represent actual figures for 2007)

Member ABC was billed \$1,000.00 for the twelve months in 2007.

Member XYZ was billed \$2,000.00 for the twelve months in 2007.

CNMEC had 2007 Margins of \$500.00

Thus the calculation would be as follows:

Member ABC	\$1,000.00	=1,000/3,000= 34%	=.34*500=\$170 Allocation
Member XYZ	\$2,000.00	=2,000/3,000= 67%	=.67*500=\$335 Allocation
	<u>\$3,000.00</u>		

Member ABC received a Capital Credit Notice for an allocation of \$170

Member XYZ received a Capital Credit Notice for an allocation of \$335

These notices are not used as credit against your electric bill or balance due. These notices are only informing you of equity you have invested in the Cooperative.

Currently we are using the equity to re-invest in your Cooperative so that we may Continue to perform maintenance on your system.

We also have certain criteria we are required to follow under The United States Department of Agriculture (USDA).

We cannot retire capital credits at this time due to certain constraints placed on Cooperatives when they are growing rapidly like

CNMEC. Our plant is growing more rapidly than our revenues thus it is very difficult

obtaining required ratios and cash reserves, thus disallowing capital credit retirements.

If you have additional questions, please contact our office at 505-832-4483 or out of area-

800-339-2521