

Your Socorro Electric Cooperative is a non profit cooperative whose members share in the ownership, construction, maintenance and prosperity of the co-op.

# Your SEC

## WHAT ARE CAPITAL CREDITS?

When a person establishes service with us, they become a member and are eligible for capital credits.



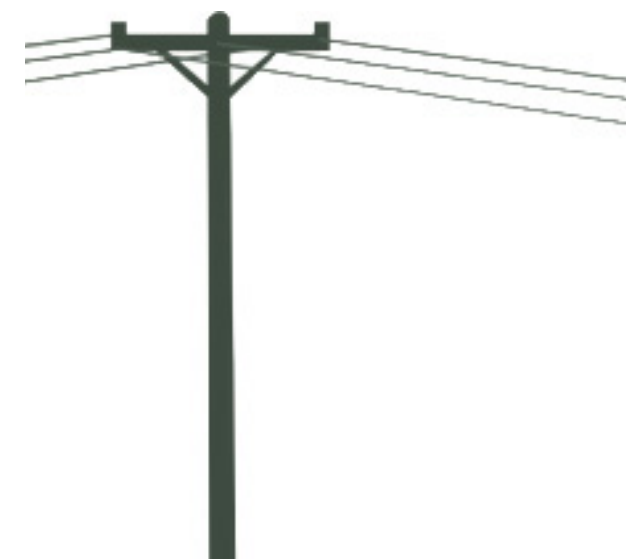
Capital Credits represent a member's share of the Cooperative's margins during the time they have membership.

Capital Credits are earned by every member based on the amount of electricity they use.



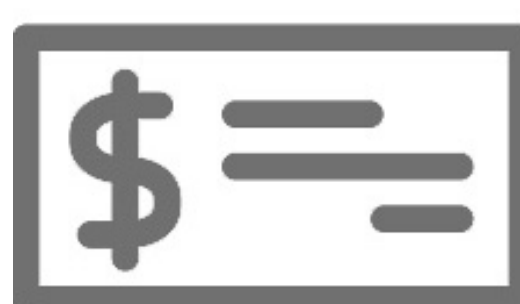
At the end of the fiscal year, any funds (margins) remaining after expenses have been paid are allocated to the member's account.

The allocated funds are used as operating capital for system improvements and maintenance.



Each year, the Board of Trustees evaluates the financial condition of the Cooperative and determines if we can retire capital credits.

When the capital credit retirements are approved, we calculate the amount owed to each member.



Members that received electricity during the time period that is being retired will be mailed a check if and when the amount is more than \$5.

### ALLOCATION

An allocation is made annually for each member, based on the amount of electricity purchased. An allocation is the member's share of the net margins. The Co-op sets this money aside to be used as operating capital for improvements and maintenance over a period of years.

### RETIREMENT

A retirement is the amount a member receives back as a refund. It is a portion of the total allocation. When capital is no longer needed for operating expenses, it is retired. The amount paid is decided annually by the Board of Trustees based on financial needs of the Co-op.