

CAPITAL CREDIT DISTRIBUTION!

Cooperative Principle #3:



**Members'
Economic
Participation**

Capital Credits Returned in September

One of the benefits of membership at HILCO Electric Cooperative is economic participation. It is one of our guiding principles. For the sixth consecutive year, the HILCO Board of Directors has voted to return patronage capital credits. Current and former HILCO members will be receiving a cash distribution in the mail in September, based on 20% of their individual usage for 2005. The cooperative has allocated approximately \$4,954,000 in capital credits, including approximately \$362,000 in this distribution.

What are capital credits?

Capital Credit distributions from member owned, not-for-profit utilities like HILCO are somewhat similar to the dividends paid to shareholders of investor-owned utilities. The difference is that a co-op's "shareholders" are also the members it serves and the "dividends" (capital credits) are distributed to the co-op members/owners.

HILCO's rates are set to bring in enough money to pay operating costs, make payments on any loans and provide an emergency reserve. At the end of each calendar year, we subtract operating expenses from the total amount of money collected during the year; the balance is the "margin." This margin is allocated to each member based on each member's usage of electricity during the specified time period.

The HILCO Board of Directors, before distributing the capital credits, must consider the financial condition of the cooperative, the need for capital funds, and the availability of loan funds. Watch for your check to arrive in the mail in September!

