



2011 Capital Credit Retirement

After all operating costs have been paid for the fiscal year by HILCO Electric Cooperative, Inc., any money left over is returned to the members in the form of capital credits. In other business organizations, the left over money would be called profit. Because HILCO is a not-for-profit business, the proper term is “margins.” Capital credits are each member’s share of HILCO’s margins in proportion to the amount paid for electricity. In other words, they represent your share of equity or ownership in the cooperative. For investor-owned utilities, equity is owned by shareholders who may, or may not, be customers. For municipal utilities, equity is entirely owned by the municipality. HILCO’s equity is owned by the members – those who receive our service. Capital credits are a benefit you receive as a member of HILCO Electric Cooperative.

Margins are allocated to the members who paid for electric service during the year according to their rate class. The margins allocated to each rate class are then divided and assigned to all members in the rate class according to the amount of electricity they purchased.

But capital credits are not cash in the bank. Your balance of capital credits is used to meet HILCO’s capital improvement and expansion needs before seeking additional loan funds and paying interest on these borrowed funds. They are invested in the poles, wires, transformers, plant and equipment that provide you with electric service. Your capital credits are used wisely to keep the cost of electricity as low as possible while maintaining the quality of your service as high as possible. Once these goals are met, the decision to retire capital credits is made by the HILCO Electric Cooperative Board of Directors.

HILCO Electric Cooperative has retired all patronage capital allocated through 1978; 100% of the year 2000; and portions of the years between 1979-1999 and 2001-2010.