

Capital Credits

Can my Capital Credit allocation be applied to my current energy bill? No. Your Capital Credit allocations for this year are new credits allocated to a Capital Credit account maintained in your name. Allocations are used as the operating capital of NEC. They are not available until a percentage is retired and refunded back to you as NEC's financial condition warrants and the Board approves.

What does it mean to be a Member? As a Member of an electric cooperative, you build ownership in Navopache Electric Cooperative (NEC) through your kilowatt-hour purchases. There is no stock to be purchased or sold; you own the business.

What are Capital Credits? Capital credits may also be referred to as "patronage capital". Each year's margins are allocated to Members based on the amount billed per Member for electric purchases and the associated margin during that year. This allocation is credited to a Capital Credit account maintained for each Member until the credits are retired (paid).

What's the difference between an allocation and a retirement? Allocations are made annually for each member, based upon the amount of electricity purchased the previous year; these allocations are set aside into a separate account to be used as operating capital for safety and reliability improvements over a period of years. A retirement is payment of capital credits that have been previously allocated.

Why do I have to wait to receive payment of my capital credits? After the margins have been allocated, the funds are then used as capital by NEC to build and maintain the electric infrastructure used to deliver power to each Member, improving the safety and reliability of your electric service. This maintenance includes upgrading poles, wire, transformers & substations, increasing capacity and improving reliability. NEC's Board of Directors will retire patronage capital when the Cooperative's financial position meets the guidelines set by Rural Utilities Service, our lender.

What happens to my Capital Credits if I move and terminate service with NEC? Your existing Capital Credit balance will be maintained in a Capital Credit account in your name until it is retired (paid) in full. Maintaining a correct mailing address with NEC for the receipt of any future payments or information concerning your Capital Credits is your responsibility.

What if I pass away before my capital credits are paid out? Your capital credits will transfer to your estate. If the capital credits were allocated to a joint account, and one spouse dies, the surviving member may receive payment of the discounted capital credits, after completing the necessary paperwork. If you are the sole member, the discounted capital credits will be paid to your estate, after the necessary paperwork is received from your estate's executor.