

Capital Credit FAQ

This page includes frequently asked questions about capital credits and may answer questions you have about the program. Please contact Four County EMC at 1-888-368-7289 if you have additional questions.

What are capital credits?

Because Four County EMC is a cooperative, owned by its members, it does not technically earn profits. Instead, any revenues over and above the cost of doing business are considered “margins.” These margins represent an interest-free loan of operating capital by the membership to the Cooperative. The capital allows Four County EMC to finance operations and to a certain extent construction, with the intent that this capital will be repaid in later years.

What’s the difference between allocated and retired capital credits?

Allocated capital credits appear as an entry on the permanent financial records of the Cooperative and reflect a member’s equity, or ownership, in Four County EMC. When capital credits are retired, a bill credit is issued and the member’s equity in the Cooperative is reduced.

How often will I receive an allocation notice?

Four County EMC prints an allocation notice in the Cooperative newsletter, the Four County Connection, annually after the finances for the previous year have been audited.

What do I have to do to start accumulating capital credits?

Capital credits are calculated by Four County EMC for everyone who purchases electricity during a year in which the utility earned margins. No special action is required to start a capital credits account. Membership with Four County EMC activates a capital credits account.

How are capital credits calculated?

The amount of capital credits earned in a given year is based upon the amount of capital a member contributed to the Cooperative through payment of monthly bills. The more electricity purchased, the greater the capital credits account, although the percentage will remain the same. The sum of a member’s energy usage, fuel and outdoor lights for a year is multiplied by a percentage to determine capital credits.

What percent of bills is returned as capital credits?

The percentage of the total payment that is allocated as capital credits varies from year to year, depending upon the success of the Cooperative. Capital credits are only allocated for a year in which Four County EMC earns margins. Since capital credits are a member's share of the margins, no credits are allocated for a year with no margins.

Does someone have to be a member for an entire year to earn capital credits?

No. Capital credits are calculated based upon a member's monthly bills. If a member is billed for electricity for even one month, they will accumulate some capital credits, if Four County EMC earned margins in that year.

Will members receive a capital credits refund every year?

Not necessarily. The Board of Directors must authorize a retirement before members receive a credit on their accounts. When considering a retirement, the Board analyzes the financial health of the Cooperative and will not authorize a retirement if Four County EMC cannot afford it.

What happens to capital credits when a member leaves the Four County EMC service area?

Capital credits allocations remain on the books in a member's name and member number until they are retired. After leaving the cooperative, the member should ensure that Four County has their current mailing address. Inactive members will receive a check for any eligible capital credits refund.

What happens to the capital credits of a member who dies?

The capital credits of a deceased member may be paid without waiting for a general retirement. However, these estate payments are not automatic. A representative of the estate must request the capital credits by submitting an official Certificate of Death and a legal document from the Clerk of Court's office identifying them as the legal representative of the estate. In order to maintain financial stability and to be fair to all members, the Cooperative reduces the amount of estate capital credits withdrawn early to reflect the time value of money. Administrators can choose to receive capital credits at the scheduled retirement date with no reduction.