

Capital Credits

Policy EB-9

Allocation

The Cooperative will allocate amounts in excess of operating costs and expenses in furnishing electric service to its patrons in accordance with the provisions of the Bylaws of the Cooperative.

Board Approved: 02-28-00
Effective: 03-1-00
Reviewed: 02-24-05
Reviewed: 06-28-19

Retirements to Estates

The board of directors shall have the power to retire capital credits upon death of any past or present member who has a capital credit allocation from a single member account, a joint account or a sole proprietorship business owned by the deceased member, provided an estate application (available from the cooperative) is submitted. Capital credit allocations so approved for estate retirement will be subject to a present value calculation based on the average cost of cooperative debt as of January 15th of the current year, with the amount as calculated representing complete retirement of the allocation.

Upon presentation to the cooperative of a copy of the death certificate or decree of distribution or other proper authorizing documentation, heirs or legal representatives may elect to have the capital credits retired through the normal Cooperative's retirement cycle and receive full payment rather than immediate payment of the present value amount. If so, the Cooperative's records will reflect the assignment of the capital credits to the estate heirs.

Capital credit retirements made to estates will be based on the years allocated. In the event of death of the named member in a joint membership, their share of the accumulated patronage capital may be retired in the present value calculated amount, subject to approval of the board of directors.

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Amended: 04-22-02
Amended: 07-28-03
Amended: 02-24-05
Amended: 12-22-05
Amended: 02-26-10
Amended: 06-28-19

Terminated Accounts

A "Buyout Offer Option" of 25% of all Capital Credits due a member is available to all Cooperative membership accounts (natural persons and non-natural person memberships) after electric service has been terminated for all electric account locations under a given membership number if all of such accounts for the member are fully paid. If a member is eligible for the Buyout Offer Option and requests a pay out under the buyout offer process, a Buyout Request Form (available from the Cooperative) must be submitted by the member to the Cooperative. If the Board of Directors determines, in their sole discretion, that the pay out of the buyout offer option will not jeopardize the financial condition or operation of the cooperative, Board approval will be given and the buyout amount immediately paid to the member. If the board does not approve the Buyout Offer Option, then the total amount of capital credits due such member will be paid in the retirement rotation as determined by the Board.

Board Approved: 02-26-10
Amended: 12-27-13
Reviewed: 06-28-19

Capital Credits – Partnership, LLC, Association, Cooperative, or Corporation Cessation

The cessation of the existence of a past or present member partnership, corporation, LLC, or association shall not entitle it to immediate payment of capital credits, rather, such credits shall continue in normal rotation, assigned to such persons or entities who shall be its successor in interest. The provisions of this section shall not restrict the ability of the Board, at its sole discretion, to offer and approve a capital credit buyout offer.

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Effective Date: 03-01-00
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Capital Credits – Sole-Proprietorship Business Cessation

The cessation of the existence of a member sole-proprietorship business does not entitle the owner of the sole-proprietorship business to immediate payment of capital credits, rather, such credits shall continue in normal rotation. The provisions of this section shall not restrict the ability of the Board, at its sole discretion, to offer and approve a capital credit buyout offer. Upon the death of the owner of the sole-proprietorship business, the capital credits qualify for estate retirement as outlined under "Retirement to Estates".

Board Approved: 04-22-02
Effective: 04-22-02
Amended: 04-28-17
Amended: 06-28-19

Retirements

If a patron owes any debt to the Cooperative or any of its subsidiaries, the amount due will be applied against the patron's capital credits at the time of an authorized retirement.

Allocated capital credits will not be applied against unpaid bills for electric service, prior to an authorized retirement.

It is the responsibility of the patron to notify the Cooperative and keep their addresses up to date so the patron may receive capital credits when retired.

Capital credit retirement of less than \$5.00 will be held until the member's credits eligible for retirement amount to \$5.00, unless it is the last payment of capital credits to a former member.

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Unclaimed Retirements

If any patron or former patron fails to claim any cash retirement of capital credits from the cooperative within six years after payment has been mailed to him by check at the last address furnished to the cooperative, such failure constitutes a forfeiture and an irrevocable assignment of such capital credit payment to the cooperative. (ND Century Code 10-15-34.1)

The forfeiture assignment provided for under this policy shall become effective only upon the expiration of six years from the date when such payment was made and notice has been given 6 months prior to forfeiture as per ND Century Code 10-15-23). The six month period following the giving of such notice shall be deemed to terminate six months after the mailing of such notice or six months following the date of publication thereof, whichever is later.

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