



# Sac Osage Electric Cooperative

# News

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Visit us on the Web - [www.sacosage.com](http://www.sacosage.com)



A Touchstone Energy® Cooperative 

December 2019

## YOU get the credit

It's time for you to get the credit —capital credits, that is— for helping build, sustain, and grow your local electric cooperative. In late November and December Sac Osage Electric Cooperative will retire – or pay by cash or credit – more than one million dollars to thousands of members like you and former members of the nine counties served by the cooperative.

When you signed up to receive electric service from Sac Osage, you became a member of an electric utility. While investor-owned utilities return a portion of any profits back to their shareholders, electric co-ops operate on an at-cost basis. So instead of returning leftover funds, known as margins, to folks who might not live in the same region or even the same state as you do, Sac Osage allocates and periodically retires capital credits based on how much electricity you purchased during a year.

This year, members from 1996 and 1997 will receive capital credits retirements through a credit on their bill, or by check if they are no longer on our lines, reflecting their contribution of capital to, and ownership of, the cooperative during those years. That may seem like a long time ago. However, those funds reduced the amount of money we needed to borrow from outside lenders to build, maintain, and expand a reliable electric distribution system, and covered emergency expenses.

See the following Q&A for more information.

## SAC OSAGE RETIRES MORE THAN ONE MILLION DOLLARS BACK TO MEMBERS

### Common Capital Credits Questions:

#### WHAT ARE CAPITAL CREDITS?

An electric cooperative operates on an at-cost basis by annually “allocating” to each member, based upon the member’s purchase of electricity, margins remaining at the end of the year; later, as the cooperative’s financial condition permits, these allocated amounts—capital credits—are retired. Capital credits represent the most significant source of equity for Sac Osage Electric Cooperative. Since a cooperative’s members are also the people the co-op serves, capital credits reflect each member’s ownership in, and contribution of capital to, the cooperative. This differs from dividends investor-owned utilities pay shareholders, who may or may not be customers of the utility.

#### WHERE DOES THE MONEY COME FROM?

Member-owned, not-for-profit electric co-ops set rates to generate enough money to pay operating costs, make payments on any loans, and provide an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenue collected during the year. The balance is called an operating “margin.”

#### HOW ARE MARGINS ALLOCATED?

Margins are allocated to members as capital credits based on their purchases from

the cooperative—how much was paid for the power the member used. Member purchases may also be called patronage.

#### DOES EVERGY OR EMPIRE RETIRE CAPITAL CREDITS?

No. Within the electric industry, capital credits only exist at not-for-profit electric cooperatives owned by their members.

#### ARE CAPITAL CREDITS RETIRED EVERY YEAR?

Each year, the Board of Directors makes a decision on whether to retire capital credits based on the financial health of the cooperative. During some years, the co-op may experience high growth in the number of new accounts, or severe storms may result in the need to spend additional funds to repair lines. These and other events might increase costs and decrease member equity, causing the board not to retire capital credits. For this reason, Sac Osage’s ability to retire capital credits reflects the cooperative’s strength and financial stability. The board alone decides whether to retire capital credits.

#### DO I LOSE MY CAPITAL CREDITS IN THE YEARS THE CO-OP DECIDES NOT TO MAKE RETIREMENTS?

No. All capital credits allocated for every year members have been served by Sac

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Sac Osage Headquarters will be closed December 25th and January 1st.



Have a  
**Merry Christmas**  
and a  
**Happy New Year**



### Look for changes in next Rural Missouri

When you receive the January 2020 Rural Missouri you will no doubt notice a big difference. That edition will come packaged in standard magazine format just like Missouri Conservationist, Today's Farmer, and other magazines you may receive.

The change will bring the periodical into line with the 29 other statewide, rural electric publications sent to electric cooperative members around the nation. It will help with advertising sales and will greatly reduce

the amount of paper used, which accounts for about 70 percent of the cost of producing Rural Missouri.

The new size will use one-third less paper and also will cost slightly less to mail. This will help us control the cost of producing Rural Missouri. Currently the staff brings it to you for 17 cents less than the price of a postage stamp.

The size is the only thing that will change for your electric cooperative magazine. The type size will stay the same, and the recipes, features, photos, local co-op news and contests you enjoy will continue. It will continue to be printed in Missouri using only ink made from soybeans.

You will still be able to find Sac Osage Electric Cooperative News in the center of the magazine. Always turn here to find out what is happening with your local cooperative.

## Notice of Net Metering Law

On January 1, 2008, the State of Missouri's Net Metering Law took effect requiring all electric utilities to offer a net metering program to customers generating up to 100 kilowatts of electricity. These systems can generate electricity using wind energy, solar-thermal energy, hydroelectric energy, photovoltaics, fuel cells using hydrogen produced by one of the aforementioned resources, and other sources of energy certified as renewable by the Missouri Department of Natural Resources.

Systems must be intended primarily to offset part or all of the member's electricity requirements and must be located on property owned, operated, leased or otherwise controlled by that member. The Net Metering Law states that any power that is not used by the member generating the power (commercial or residential) will be credited to their utility bill at the utility's avoided-cost rate each month. Credits from net metering must be used within twelve months of generation or they expire. Credits will not be applied to the service availability charge or demand charges.

Members must complete a Net Metering Application and agree to terms and guidelines before their generating system will be connected to the cooperative's system. For further information or to request an application, please contact our office toll-free at 800-876-2701.

### It's the season of giving. Enroll in Operation Round Up!

Sac Osage Electric members who wish to participate in Operation Round Up may have their electric bills rounded-up to the next dollar each month. Every penny collected is dispersed to worthy causes in our nine-county area. For more information about the program visit [www.sacosage.com](http://www.sacosage.com). If you are ready to sign up, just fill out this form and return it with your monthly payment. You will be glad you did.



Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Signature: \_\_\_\_\_

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Osage are maintained until such time as the board retires them. Prior to this year, Sac Osage retired all capital credits from 1940 through 1995.

#### WHAT YEARS WILL BE RETIRED IN DECEMBER, 2019

Sac Osage will be retiring all of the remaining capital credits to members who purchased electricity from the cooperative in 1996 and the majority of the capital credits from 1997.

#### HOW MUCH WILL BE RETIRED IN TOTAL IN 2019?

\$1,025,000.00. \$920,000 in general retirements and \$105,000 for deceased capital credits.

#### I DID NOT GET ELECTRIC SERVICE FROM SAC OSAGE ELECTRIC COOPERATIVE IN 1996 OR 1997. WILL I GET ANY RETIREMENT?

No. This year, capital credit retirements will only be made to members who purchased electricity in 1996 and 1997.

#### HOW OFTEN DO MEMBERS RECEIVE CAPITAL CREDIT RETIREMENTS?

The Board of Directors makes a decision each year whether or not to retire capital credits. When the cooperative is strong enough financially and member equity levels high enough, the board directs staff to retire some portion of past years' capital credits.

#### HOW WILL THE RETIREMENT WORK?

Former members who no longer purchase electricity from Sac Osage (but who purchased electricity during the years being retired) will receive a check in the mail after the first of the year. Active members will receive a credit on their December electric bill.

#### WHAT IF I MOVE?

If you move or no longer have electric service with Sac Osage, it is important that you inform the cooperative of your current address, so that future retirements can be properly mailed to you. If you purchased electricity during the years being retired, then you are entitled to a capital credit retirement, even if you move out of the nine-county service area. If it has your current address, then Sac Osage will send your retirement check by mail.

#### WHAT ARE DECEASED CAPITAL CREDITS?

These are capital credits accrued by deceased members to be returned to their heirs.