

Capital Credits

Another benefit of being an electric co-op member

Owen Electric Cooperative makes every member an owner of the business. Unlike other electric utilities, we exist to make sure your needs are always met, not to make a profit. As a member-owner, you share in the co-op's margins (monies left over after operating expenses are paid) in the form of capital credit refunds.

This year marks the 27th consecutive year that Owen Electric Cooperative has conducted a general refund of capital credits. Since 1990, the amount refunded to our members totals more than \$25,100,000.

We work hard every day to make sure your rates stay as low as possible and to provide great service. It's nice to know that

when there are margins, they go back to you. It's just one part of the cooperative difference!

This year's capital credits represent a portion of 1987, 1988, and 2015 net margins. Your board of directors has authorized \$1,500,000.

As in previous years' refunds, if your capital credit refund for this period is less than \$50, then you should see a credit on your December bill for the amount of the capital credits due; otherwise, a check will be issued to you in December if your capital credit refund for this period is \$50 or more.

Again, we want to thank you for another wonderful year! Owen Electric is always there with you, reinvesting in your community. That's why in an electric co-op, the people have the power.

Note: Checks are valid for 90 days. Please cash immediately.



Mark Stallons
President/CEO

Why Your Membership Matters

We are often asked why we call those who purchase electricity from Owen Electric Cooperative “members,” and the answer is simple.

Just like some folks are members of Rotary, Lions, or Kiwanis clubs, you are a member of Owen Electric.

Service clubs have a common mission—together the club accomplishes more than an individual could. The same holds true for cooperatives; they combine their resources and work together to help each member reap the most benefit.

Membership at Owen Electric offers many of the benefits those clubs do, but with a big bonus—you and the rest of our 59,000 members own the co-op! That means we answer to you, not investors who have never walked our streets or spent time in our schools. This structure harkens back to our beginnings.

Owen Electric was organized by farmers and rural residents in Owen County in 1937, with support from the federal Rural Electrification Administration (REA). At that time, investor-owned utilities said there wasn't enough profit to be made to justify the expense of building power lines into the rural areas of northern Kentucky.

REA offered low-interest loans for bringing electricity to unserved homes and farms; folks began forming electric co-ops to meet the need. A fee of \$5 was collected from each family—making them co-op members and owners—to generate capital for borrowing. The rest is history.

You should be proud of what your co-op, Owen Electric, has accomplished. We are an economic driver in the communities we serve. A 2009 study

funded by the US Department of Agriculture found electric co-ops across the US employ more than 130,000 Americans, both directly and indirectly, with revenues topping out at more than \$45 billion.

Best of all, every co-op operates on a not-for-profit basis. Owen Electric doesn't offer profits to investors; we return money over and above operating costs to you, our members, based on your electricity consumption or “patronage” for the year(s) being refunded. Since 1990, Owen Electric has returned more than \$25,100,000 to its members.

Co-op membership remains as important today as it was in the late 1930s. All of the nation's 900-plus electric co-ops in 47 states share a common mission: to keep electricity safe, affordable, and reliable.

Working together through various campaigns, like Co-ops Vote, we're keeping our needs at the top of Congress' agenda. We're part of something special—a nationwide network owned and controlled by people like you. That's why membership matters.

Your cooperative, Owen Electric, has come a long way since the days of REA. And one thing that has not changed from those early beginnings is Owen's commitment to providing reliable, safe, and affordable electric service to our members.



What are Capital Credits?

Q. How is Owen Electric different from other utilities?

A. Owen Electric is a cooperative, owned by its members who receive electric services. Municipal utilities and public power districts are quasi-governmental units. Investor-owned utilities (IOUs) are owned by stockholders earning a return on their investment. Most IOU customers are not owners of the IOU that serves them. The fact that members and owners are the same distinguishes cooperatives from all other types of utilities.

Q. How does Owen Electric raise capital for operations and improvements?

A. Cooperatives usually obtain capital in two ways—borrowing and the retention of capital supplied by members through electric rates.

Q. When do members supply capital to a cooperative like Owen Electric?

A. Owen Electric is operated on a not-for-profit basis. Margins remaining after deducting operating expenses from utility revenue are allocated to members' capital credit accounts. These amounts are called capital credits. They reduce the need for borrowed funds and payment of associated interest expense. Capital credits may also be called patronage capital.

Q. What affects the level of margins Owen Electric earns?

A. If all other things remain equal, the following can result in more margins and more capital credits: 1) lower utility operating expenses, 2) higher electric delivery rates, or 3) increased energy use by members. Owen Electric's bankers establish minimum margin goals as security for their loans. Finally, the board of directors establishes policies regarding the capital credit retirement cycle and the cooperative's equity level.

Q. When do I receive my capital credits?

A. Capital credits are refunded in December and are generally based on two previous years' margins. If you were a member in one or both years, you'll receive a credit on your Owen Electric account for refunds totaling less than \$50, or a check in the mail for those refunds totaling more than \$50.

Q. Do I accumulate shares of stock in Owen Electric that can be traded or sold?

A. No, capital credits are not issued and traded like publicly traded stock. However, you still build your ownership interest every time you use Owen Electric's power.

Q. Do my capital credits earn interest or dividends?

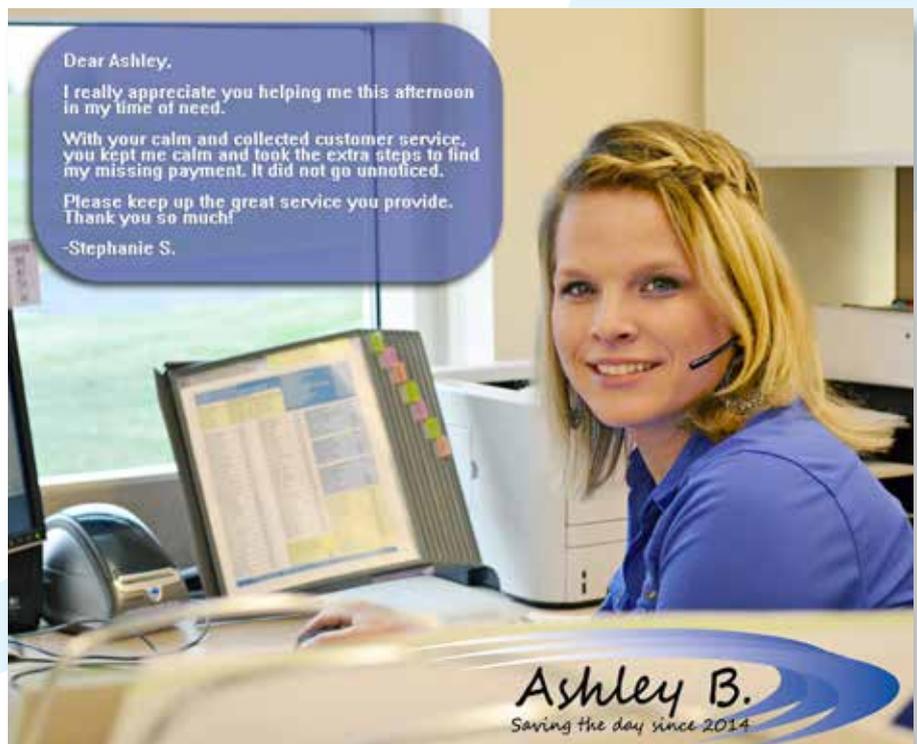
A. No, if that were the case, higher electric rates would be necessary to generate the interest or dividend fund.

Q. Does the size of my capital credit account affect voting rights in board of directors elections?

A. No, in a cooperative every member has one vote.

Q. Are capital credits paid out to members when they move away?

A. Members who move from the service area are not entitled to accelerated payments but should keep Owen Electric informed of their current address so future payments can reach them.



Board of Directors

Robert True—Chairman

Alan Ahrman—Vice Chairman

Rick Messingschlager—
Secretary/Treasurer

John Grant
Hope Kinman
Eddie McCord
Charlie Richardson

Mark Stallons
President/CEO

James M. Crawford
Attorney

Whitney Prather Duvall
Editor

Office Hours:
Monday - Friday
8:00 am - 4:30 pm

Owenton Office
8205 Hwy 127 N
PO Box 400
Owenton, KY 40359-0400
502-484-3471

Toll-Free 1-800-372-7612

Boone County Office
Florence Government Center
8100 Ewing Blvd.
Florence, KY 41042
859-283-5800

Grant County Office
300 Arbor Drive, Suite 1
Dry Ridge, KY 41035
859-824-3020

Pendleton County Office
10599 Hwy 27 N
Butler, KY 41006
859-472-2600

Virtual Office
www.owenelectric.com

This institution is an equal
opportunity provider.

Congratulations to our linemen who participated in the Kentucky Lineman's Rodeo!

Senior Division

Orman Glass: 1st in Skills Climb; 1st in De-energizing a Line; 2nd in Reclosure Feed Change; 1st Overall Individual Sr. Lineman

Tony Dempsey: 1st in Hurt Man Rescue; 3rd in Reclosure Feed Change; 4th in De-energizing a Line

Individual Journeyman Division

Tony Bach: 2nd in De-energizing a Line; 5th in Skills Climb

Team Events

Tony Bach, James Juett, Charlie Colligan: 4th in Hurt Man Rescue; 4th in Mystery Event #1; 4th in Mystery Event #2; 3rd Overall Team

Bobby Von Bokern, John Lilly, Cody Beckham: 6th in Hurt Man Rescue; 8th Overall Team

Orman Glass, Chris McKinley, Danny Clemons: 9th in Hurt Man Rescue; 9th in Mystery Event #2

To view photos from the event, log on to our Facebook page at www.facebook.com/owenelectriccoop or visit Flickr at www.flickr.com/photos/owenelectric/albums

