

Capital Credits

Unlike investor-owned electric utilities, The Victory Electric Cooperative exists to make sure that your needs are always met. As a member-owner, you have a share in the earnings of your not-for-profit electric cooperative. Victory's rates are set to bring in enough money to pay operating costs, make payments on any loans, and provide an emergency reserve. Any revenues over and above the cost of doing business are considered "margins" and are returned to you, the member-owner, in the form of "capital credits." These margins represent a loan of operating capital by the membership to the cooperative. This capital allows The Victory Electric Cooperative to finance operations with the intent that this capital will be repaid to you in later years.

In an effort to help our member-owners better understand capital credits, we have provided answers to some frequently asked questions.

What's the difference between allocated and retired capital credits? Allocated capital credits appear as an entry on the permanent financial records of the association and reflect your equity or ownership in Victory. When capital credits are retired, a check is issued to you and your equity in the association is reduced.

How often will I receive an allocation notice? You should receive an allocation notice annually after the finances for the previous years accounting period have been completed.

How do I start accumulating capital credits? Capital credits are calculated by Victory Electric for every member that purchased electricity during a year in which the utility earned margins. No special action is required to start a capital credits account. Your membership activates your capital credits account. A membership starts when you establish electric service in your name.

How are capital credits calculated? The amount of capital credits you earn in a given year is based upon the yearly margins. The Board of Trustees allocates margins each year.

What happens to the capital credits of a member that 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 credits by submitting an application for retirement of capital credits and a copy of the death certificate.

Will I receive a capital credit check every year? Not necessarily. The Board of Trustees must authorize a retirement before you receive a check. When considering a retirement, the Board analyzes the financial health of the coop and will authorize a retirement if Victory Electric's equity is within the requirements of RUS standards.

What happens to my capital credits when I leave the Victory Electric service area? They remain on the books in your name until they are retired. You should always provide an updated and current address whenever you move to a new location.



A Touchstone Energy® Cooperative 

