



October 15, 2014

# NEWS

## **LPEA members to receive \$4.5 million in “capital credits” refunds**

*Refunds to be posted as bill credits or mailed as checks during November billing cycle*

DURANGO, Colo. – Archuleta and La Plata County businesses and residents who have paid their electric bills to La Plata Electric Association (LPEA) since at least 2013, will receive capital credits refunds totaling \$4.5 million during the November billing cycle.

The LPEA Board of Directors, at the regular monthly board meeting (Oct. 15, 2014), approved the refund, with the majority of the capital credits (also known as patronage capital) to be credited to electricity bills, though any refund amounts larger than \$100 will be mailed as checks.

Traditionally LPEA has retired capital credits during the summer, but the LPEA board determined that receiving a bonus on members’ electric bills just before the holidays would be more welcomed.

“Capital credits represent our member’s investment in La Plata Electric Association,” said Mike Dreyspring, LPEA CEO, noting that LPEA is a not-for-profit corporation with a 501 (c)(12) tax designation. “As part of that tax designation, which establishes us as a cooperative, we are required to allocate margins in the form of capital credits to our members as annually determined by our board of directors. Refunding capital credits to our members is one of the many things that make electric cooperatives unique.”

This year, LPEA has the additional benefit of passing on retired capital credits from Tri-State Generation and Transmission, as Tri-State is a cooperative, with LPEA one of its 44 members.

“We have received \$2 million from Tri-State that we are directly passing on to our members,” said Dennis Svanes, LPEA CFO. “The distribution will be a FIFO (first-in, first-out), so those who have been members since 1993/1994 will get the extra distribution.”

Capital credits are essentially the margins or revenues remaining after all expenses have been paid, according to Svanes. Annually, the electricity payments made by members in excess of the cost to provide their electric service is placed into a patronage capital account in each

member's name. This capital, along with borrowed funds, is used to finance needed improvements to LPEA's system infrastructure.

"In other words," said Svanes. "LPEA invests the margins earned by each owner back into our system. It helps build members' equity and reduces the amount of money LPEA has to borrow – so it reduces interest charges we'd have to otherwise pay. The margins allow LPEA to maintain system reliability at its highest level and help keep rates lower."

Annually, should the patronage capital account reach a level in excess of the amount LPEA needs to maintain the system, the LPEA Board of Directors "retires," or gives back, a percentage of the funds. For 2014, LPEA is retiring \$1.25 million of capital credits (on a first-in, first-out FIFO basis) earned in 1993 and 1994, as well as \$1.25 million on a percentage basis (approximately 2.2 percent) for remaining amounts from years 1993 through 2013. Thus, anyone with an established LPEA account in 2013 or prior will receive funds in proportion to that member's contribution to LPEA's margins. Since incorporation in 1939, LPEA has refunded nearly \$40 million.

Annually, LPEA endeavors to find those members who have moved out of the service territory, as they are still eligible to receive retired capital credits from previous years. Members are asked to change or report new addresses to ensure receipt of capital credits.

LPEA, celebrating 75 years in 2014, provides to its more than 30,000 members, with nearly 41,000 meters, safe, reliable electricity at the lowest reasonable cost, while being environmentally responsible. For additional information, contact LPEA at 970.247.5786. For further information, visit [www.lpea.coop](http://www.lpea.coop).

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