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## **MEDIA PRESS RELEASE**

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### **FOR IMMEDIATE RELEASE**

It has been a long time since Navopache Electric Cooperative (“NEC”) has been in the position to retire Capital Credits for their members. In fact, the last time was in 1997 when they retired the 1973 Capital Credits. They are happy to announce that this year, their 75th year in operation, they are able to start retiring Capital Credits once again.

When members sign up to receive electric service from NEC, you became a Member of an electric cooperative. While investor-owned utilities return a portion of any profits back to their shareholders, electric cooperatives operate on an at-cost basis. Instead of returning profits (known as margins in cooperatives) to shareholders who may not even receive service from the utility, NEC allocates margins to its Members in the form of Capital Credits, based on how much electricity each Member purchased during the year.

NEC management has been making strategic financial decisions to move NEC into a much stronger financial position than they have had in past years. Management of wholesale power purchases has allowed NEC to credit its Members’ bills through the Purchased Power and Fuel Cost Adjuster every month since 2016, totaling more than \$35 million. NEC recently refinanced all of its long-term debt with National Rural Utilities Cooperative Finance Corporation (“CFC”), with terms allowing for Capital Credits to be paid out with a lower equity requirement.

Due to this continued financial improvement and stability, NEC’s Board of Directors has approved management’s recommendation to retire 100% of the Capital Credits allocated to Members for the years 1974 through 1983, reflecting their contribution of capital to, and ownership of, the cooperative during those years. While these margin allocations were made a long time ago, retention of these funds helped NEC keep rate adjustments manageable for its Members, and reduced the amount of debt required to build, maintain, and improve the reliability of the electric distribution system. This retirement of Capital Credits at the end of February represents payments of \$2,551,031 to over 22,000 past and present Members.

NEC will be issuing checks to Members who earned more than \$10.00 of Capital Credits between 1974 and 1983. Please make sure that you have your current mailing address on file with NEC. Additionally, if you have any friends or business acquaintances who have moved away, but were Members between 1974-1983, please reach out to them and let them know to update their information with us. Email [capitalcredits@navopache.org](mailto:capitalcredits@navopache.org) or call 928-368-1345, and an NEC Member Care Specialist will contact you to verify your changes. You may also visit our website at [www.navopache.org](http://www.navopache.org) for more information.