

CAPITAL CREDIT ALLOCATION FOR 2019

As a Member of NEC, you are an owner, and you build ownership through your energy purchases. Margins are the difference between operating revenues and expenses, and Capital Credit allocations represent your share of NEC's margins. Each year's margins are allocated to our Members in proportion to their energy purchases in dollars during that year. This allocation is credited to a designated Capital Credit account for each Member we serve.

On your bill, the official notice of your 2019 Capital Credit Allocation is in the BILLING SUMMARY section, mid-way down on the right side.

The allocated margins, in conjunction with long-term loans funds, are then used as capital by NEC to build, maintain, and improve the safety and reliability of the electric infrastructure used to deliver power to each Member.

Capital Credits are held by NEC for capital investment for a minimum of 25 years before being paid out to Members. The NEC Board of Directors has a fiduciary responsibility to operate the Cooperative in a fiscally responsible manner, and from a financially strong position. An annual financial review determines if matured Capital Credits may be paid to Members.

Since Capital Credits are not paid out immediately, each Member has the responsibility to inform NEC of mailing address changes for future payment of Capital Credits. NEC's policy allows for payment of discounted Capital Credits to estates of deceased Members. Please visit www.navopache.org or contact Member Quality Assurance at 800-543-6324 or email qualityassurance@navopache.org for more information.

A full explanation of NEC's Capital Credit policy is in the By-Laws, Article VII, §2; the By-Laws are available on our website, at www.navopache.org.