

How CAPITAL CREDITS work

Tideland Electric Membership Corporation is a not-for-profit member-owned cooperative. Tideland members share in the ownership, construction, maintenance and prosperity of the co-op.

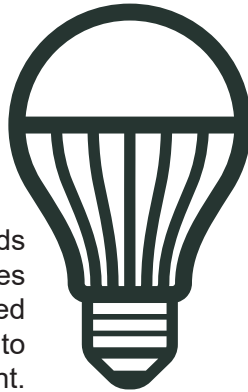


When a person establishes service with us, they become a member and are eligible for capital credits.



Capital credits represent a member's share of the cooperative's margins during the time they have membership.

At the end of each year, any funds (margins) remaining after expenses have been paid are allocated, based on percentage of electricity used, to the member's account.



The allocated funds are used as operating capital for system improvements and maintenance.



ALLOCATION

An allocation is made annually for each member, based on the amount of electricity purchased. An allocation is the member's share of the net margins. The co-op sets this money aside to be used as operating capital for improvements & maintenance over a period of years thus reducing co-op borrowing costs.

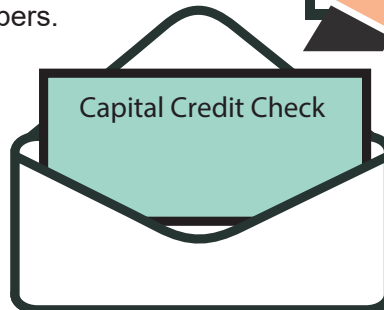


Annually, the board of directors evaluates Tideland's financial condition to determine if we can retire capital credits and if so, what dollar amount. Part of that equation is the amount of capital credits already refunded year-to-date to the estates of deceased members.



When the board elects to retire capital credits, we calculate the amount to pay each member based on a percentage of the member's allocation for the year of service being retired.

Checks are mailed to members due a retirement of \$50 or more. For amounts less than \$50 or in the case of a delinquent account, the credit is applied to the member's December electric bill. Qualifying FlexPay members receive their refund as an immediate credit.



Capital credits represent an important cooperative principle: **MEMBER ECONOMIC PARTICIPATION** along with the return of local dollars to our hometown communities.

RETIREMENT

A retirement is the amount a member receives back as a refund. It is a portion of the total allocation. When capital is no longer needed for operating expenses, it is retired. The amount paid is decided annually by Tideland's board of directors based on the financial needs of the cooperative.