

CAPITAL CREDITS

Your Cooperative at work



Aiken Electric
Cooperative, Inc.

Your Touchstone Energy® Cooperative

What Are Capital Credits?

To deliver power that's reliable, affordable and safe, Aiken Electric uses revenues over and above the cost of doing business to finance capital needs such as power line construction, transformers, trucks and other equipment. These margins are retained by the cooperative for a number of years to reduce the need to borrow money or raise the cost of electric service. On a rotating basis, Aiken Electric returns these margins known as "Capital Credits" to its members.

How Are Capital Credits Paid?

The only people who receive Capital Credit checks or bill credits are the people served by Aiken Electric. Capital Credits are issued as a check or applied as a credit directly to the member's account, depending on the amount. To former co-op members, Aiken Electric sends checks to the last known address. In the event of death, capital credits can be issued to the legal representative of a family member's estate.



Why Are Members Allocated Capital Credits?

Electric Cooperatives

As a member-owner of Aiken Electric, you are allocated a share of the excess margins of the non-profit electric cooperative. These margins, or profits after all expenses are paid, are returned to you in the form of Capital Credits. Only members are assigned capital credits. Co-ops like Aiken Electric keep money and jobs in their communities.

Investor-Owned Utilities

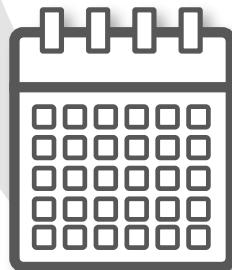
Customers of investor-owned utilities are only entitled to the service and not profit sharing. Rates are not determined by cost of service but by the utility's ability to return profit to stockholders, who may or may not be the customers. Board meetings are closed to ratepayers and stockholders elect the utility's board of directors.

How Are Capital Credits Calculated?

AEC tracks how much electricity you buy and how much you pay for it each year. The amount of Capital Credits returned is determined by margins and your total energy billings.



When Are Capital Credits Returned to Members?



Whenever AEC's finances permit, we return Capital Credits to our members. The decision is made by our Board of Trustees after a thorough examination of the co-op's financial position. The co-op has returned Capital Credits to our members annually since 1955. Every year, you will receive a Capital Credits allocation. These Capital Credit refunds illustrate and emphasize one of the major differences between a member-owned cooperative and an investor-owned power company or municipality.