

Q&A about Ownership Rewards

What is Ownership Rewards?

Ownership Rewards is patronage capital that reflects your ownership and contribution of capital, or equity, to the co-op. It represents the most significant source of equity for Adams Electric.

Where does the money come from?

A not-for-profit electric cooperative sets rates to generate enough money to pay operating costs, plus a reasonable margin. At the end of each year, the co-op subtracts operating expenses from the operating revenue and the remaining “margin” represents a pool of money from which Ownership Rewards is “allocated” to you.

How exactly is Ownership Rewards calculated?

The amount you are allocated in a year is based upon the amount of electricity that you used during that time. That allocation grows every year that you purchase electricity from the co-op. The actual amount is indicated on your April or May electric bill. Each year, a percentage of that allocation can be retired or returned to you. If you are due more than \$10 in Ownership Rewards, you will receive a check.

What percent of my allocation is normally returned?

The percentage of your total allocation that is returned can vary from year-to-year depending upon the success of the cooperative. You may receive two to three percent of the patronage capital allocated to your account.

Will I receive Ownership Rewards every year?

Each year, the Adams Electric board of directors makes a decision on whether to return Ownership Rewards based on the financial health of the cooperative. The board will not authorize a retirement if Adams Electric cannot afford it.

What happens to my Ownership Rewards when I leave Adams Electric?

After you move off the co-op’s lines, your allocation remains on the books and in your name until it is retired in full — a process that can take up to 18 years based upon the current retirement method. Because of that, if you move off our lines, you must keep Adams Electric updated on your new address(es) so you will continue to receive future rewards on time. Unclaimed Ownership Rewards is returned to current members through scholarships and member assistance.

What happens when a member or former member dies?

Ownership Rewards for a deceased member may be paid out early (at a discount) without waiting for the general multi-year retirement process to take place. However, that is not automatic. A representative of the estate must submit the proper forms first. If an early retirement is approved by the board, a check will be issued to the estate for the discounted amount.

Do investor-owned utilities pay Ownership Rewards?

Within the electric industry, Ownership Rewards exist only at member-owned electric co-ops. Investor-owned utilities pay dividends to shareholders, who may or may not be customers.

How much money has been returned so far by Adams Electric?

The retirement for 2017 of \$1.75 million raises the total retirement amount to more than \$40 million for all retirement years.