

BLACHLY-LANE ELECTRIC COOPERATIVE

Procedure 2350

Section: Financial Management

Subject: Allocation and Retirement of Patronage Capital

I. OBJECTIVE

The purpose of this procedure is to ensure capital provided by members contributing to margins will be accounted for and allocated to the accounts of the members and ultimately repaid to them.

II. PROCEDURE

A. Allocation of Capital Credits

Each year the Board shall determine the total amount and method of margins to be allocated to the membership. Those margins shall then be allocated to each member's capital credit account.

B. Return of capital credits

The Board of Directors determines the total amount of capital credits to be retired from time to time. The Board also determines the method, basis, and order of retirement. BLEC shall maintain a system to provide detailed records relative to member's equity.

1. Each member shall have an individual capital credit account that details the annual allocations and the periodic retirements.
2. Members cannot earn interest or dividends on their capital credit account.
3. Retired capital credits shall first be used to pay any inactive or uncollectible amount on the account of the member or former member.
4. Capital Credits checks will not be issued for amounts less than \$5 and will accumulate until such time that the amount exceeds \$5 or is the entire balance at a general retirement.
5. Retirements shall continue for each account as long as BLEC can locate the member or former member.
6. The Bylaws establish a procedure for distribution of capital credits upon dissolution of BLEC. BLEC's Board of Directors has determined that the term "former member-patron", as used in the Bylaws, shall include only those former members, who shall be defined as having unretired allocated capital credits, prior to the adoption of a Board resolution to dissolve BLEC.
7. Because the Cooperative may not be able to locate all former members to distribute Capital Credits, Oregon law provides a process (ORS 62.425) for forfeiting those equity interests to permanent donated equity of the Cooperative after four (4) years if BLEC has followed the statutes' notice requirements.
8. Estates of deceased members may elect to cash out the balance of their portion of capital credits, at a discounted rate, with a written request and proper documentation. In the case where a deceased member has an active single account in his/her name, that account must be disconnected or

transferred into another's name prior to distribution of capital credits. An active joint account will become a single account in the name of the survivor.

- a. Capital credits will be retired upon death by first taking the year to date patronage and estimating the current year's allocation based on the average of the last three year's allocation percentage for a single account. The current year is not estimated and allocated for a joint account. That allocation plus the balance of the capital credits account will be paid out at a discounted rate based on the 10-year Treasury Bill rate on January 2 of each year. Any final balance owing on an electric account may first be paid with the discounted capital credits before being retired.
 - b. Discounted amounts from early retirement shall be retained as permanently donated equity of the Cooperative.
9. When a former member's electric account has an unpaid balance, unretired capital credits on that member's account may be discounted and applied to that unpaid balance. Capital credits will be discounted based on a first in first out method and applied to the unpaid balance only to the extent necessary to cover that unpaid balance.
10. When a former member's electric account has an unpaid balance, unretired capital credits on that member's account may be discounted and applied to that unpaid balance. Capital credits will be discounted based on a first in first out method and applied to the unpaid balance only to the extent necessary to cover that unpaid balance.

C. Assignment of Capital Credits may be assigned in accordance with terms of Article VIII Section 2(d) of the Bylaws. A complete set of original documentation must be attached to a notarized written request to be placed in the BLEC files.

III. RESPONSIBILITY

The administration of this procedure is the responsibility of the General Manager.

APPROVED by



General Manager

FOUNDATION DATE: F8, E2, 2-22-83
DATE LAST AMENDED: 6-23-2020
REVIEW SCHEDULE: Annually



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Select Time Period

Current Month

Date	1 Mo	2 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
01/02/20	1.53	1.55	1.54	1.57	1.56	1.58	1.59	1.67	1.79	1.88	2.19	2.33

Thursday Jan 2, 2020