



Lyon-Coffey Events

Lyon-Coffey Electric Cooperative, Inc.

Headquarters

1013 N. 4th Street
P.O. Box 229
Burlington, Kansas 66839
Phone: (620) 364-2116

District Office

710 Industrial Rd.
P.O. Box 964
Emporia, Kansas 66801
Phone: (620) 342-0553

Letter From The Manager: *Capital Credits 101*

As we continue our discussion on Capital Credits let's take a look at the payment strategies available to the Board.

In April of this year, the members of the cooperative voted to change the by-laws to give more latitude to the Board when it considered the payment of capital credits. Over the past several years, Lyon-Coffey has paid capital credits only to the estates of deceased members. The last general distribution was made in 1994 and was paid on a first in – first out (FIFO) basis. This method pays the oldest or longest standing capital credits on the cooperative's books.

An alternative method is to pay on a last in – first out (LIFO) basis. This pays the credits to the most recent allocation of capital, generally to those on the lines the previous year.

Today many electric cooperatives use a percentage or a hybrid method when disbursing capital credits. With this process a percentage of the oldest and newest allocated capital are paid back to the membership. The following is only a hypothetical example used for illustration purposes only.

If the cooperative's Board de-

ecided to pay \$150,000 in capital credits back to the members in 2007, they may choose to pay 33

percent or \$50,000 on the first in margins or oldest capital credit owed and 66 percent or \$100,000 on the newest or last in capital credit due the members. The actual dollar amount and the percentages may vary but in this example those who helped build the cooperative in the past as well as those currently on the lines would receive a portion of the capital credit due to them.

Generally speaking, cooperatives that issue general retirement of capital credits provide an option of an early retirement of capital credits of a deceased member to his or her estate on a "net present value" basis. Under this method the estate can receive a lump sum payment rather than waiting for a general retirement payment each year. Please note that members do not receive lump-sum refund checks upon discontinuing service with the

It is important to understand that allocated capital credits are a critical form of capitalization to the cooperative.



Scott Whittington

cooperative, and that refunds are usually made on an annual basis upon Board approval, after considering the financial condition of the co-op. No early retirement of capital credits is allowed in the case of dissolution of a corporation or partnership.

It is important to understand that allocated capital credits are not liquid cash sitting in a bank account. These funds are a critical form of capitalization to the cooperative and are used mainly for purchase of distribution power and payment of long-term debt.

One of the top priorities of Lyon-Coffey Electric is to make sure that we are constantly listening to you, our members. We want to be responsive to your needs so if you have any questions regarding capital credits or if you have any other issue or concern, please let us know.

WildBlue BBQ Provides Nine Scholarships



Lyon-Coffey Manager, Scott Whittington (left), and Gene Merry of Merry Investments presented \$1,000 Scholarship to Amy Schmidt, Waverly.

The WildBlue barbecue held in Burlington July 21 resulted in nine college scholarships totaling \$3,900 awarded to Coffey County 4-H members.

The barbecue was sponsored by many area businesses with donations from \$50 to \$500 along with others donating merchandise and/or services.

Students receiving the scholarships were: Bryant Linsey, Lebo, \$1,000; Amy Schmidt, Waverly, \$1,000; Taylor Barker, Lebo, \$750; Larissa Wimbs, Reading, \$500; Brande Iseman, Burlington, \$250; Hannah Morray, Gridley,

\$100; Heath Redding, Waverly, \$100; Chelcie Sutherland, LeRoy, \$100; and Jamie Raaf, Gridley, \$100.

This year a concession stand sold barbecue sandwiches giving the public an opportunity to experience the cooking abilities of some of the teams competing in the contest. Arts and crafts, a business expo, a pedal powered tractor pull for children and music entertainment added to the experience. Next year we hope to open the scholarship opportunity to seniors in all Coffey County high schools not just to those active in 4-H.

Electric Cooperatives at the Kansas State Fair

Are you ready for a “wild ride”? The Kansas State Fair is just around the corner. This year’s fair, themed “It’s a Wild Ride” is sure to have something for everyone. The event will be held September 7-16, 2007, in Hutchinson.

This year at the state fair, the Kansas electric cooperatives and Touchstone Energy Cooperatives of Kansas are co-sponsoring a high-voltage line safety demonstration in combination with the fair’s “Kansas’ Largest Classroom”.

The demonstration, half-hour in length, will incorporate a full-size electrical safety demonstration. Journeymen linemen from the electrical cooperatives across Kansas will demonstrate proper safety precautions and teach viewers what protective gear linemen use and why, what happens if a person when they come into contact with and energized line, and why birds can land safely on power lines.

The demonstration will operate 9 a.m. to 2 p.m. on September 10-14 and is free of charge. The demonstration will be located in the Beef Judging building, east of the Oz Gallery. This is the same building as the sand sculpture.

The Kansas State Fair is the largest event in the state and attracts over 350,000 people annually.

So if you’re ready to experience a taste of Kansas, get ready for a “wild ride” at this year’s Kansas State Fair.



Fall Propane Contracts Available

NOW

Lock in Winter Fuel Prices!

Call (888) 533-1374 or (620) 343-8653