2018 CAPITAL CREDIT ALLOCATION

When the cooperative’s revenues exceed expenses at year end, the excess revenue or margin is assigned to members as capital credits in proportion to the amount of revenue contributed through energy purchases. The assignment of this excess revenue or margin is called a “capital credit allocation”.

In 2018, PIE&G’s electric operation produced a margin of over $393,000 and its natural gas division produced a margin of $827,000. In addition, PIE&G’s power supplier, Wolverine Power Supply Cooperative, also allocated a margin of approximately $1,486,000 to PIE&G for its energy purchases made on behalf of PIE&G members. PIE&G then allocated these margins to you, the member, as capital credits, depending on the services you receive (electric, natural gas or both). Capital credit allocations will be noted on your June, July or August bill. The allocations cannot be deducted from your bill. They are held in reserve on your account until the board authorizes a retirement and refund.

Capital credits are retired and refunded to members when the board of directors determines that the financial condition of the co-op will not be impaired. Until then, allocated, unretired margins represent a member contribution of operating capital that allows PIE&G to finance its operations – including new construction and system improvements – while reducing borrowing and interest expense until the capital is retired and refunded to members in later years.

DIRECTORS APPROVE $2.470 MILLION IN REFUNDS TO MEMBERS

Capital Credits from 1987-1988 & 2002-2003 to be Retired

At their April meeting, PIE&G’s board of directors authorized approximately $2,470,000 in capital credit retirements. Members who received electric service in 1987-1988 or 2002-2003 will receive an amount of the above in proportion to their energy use. Checks for the capital credit refund will be mailed in the fall of 2019.

As a member-owned, not-for-profit organization, when PIE&G revenues exceed expenses, “capital” is generated and “credited” to individual members on a pro rata basis, depending on their purchases of electricity or gas.

Capital credits are used to build the facilities needed to serve members or may be retired and refunded whenever the board of directors determines that the co-op’s financial condition will not be impaired. Since its inception, PIE&G has refunded approximately $16.9 million in capital credits back to its members.

CO-OPS OBTAIN STATE TAX REFUND FOR MEMBERS

$45,000 for Sales Tax on Margins Returned

A few years ago, PIE&G, together with other Michigan electric co-ops, sought relief from the State of Michigan for certain sales tax. The cooperatives were successful. The State of Michigan now returns sales tax assessed on positive operating margins.

For 2018, PIE&G generated positive margins for both electric and natural gas operations. Thus, sales tax refunds of approximately $14,000 will be given back to electric members and over $31,000 will be refunded to natural gas members. For members receiving a monthly billing, the 2018 tax refunds have been returned as a credit reflected on bills mailed in May 2019. Seasonal members will see the refunds on their annual summer bills. Although the individual refund may be small, it reflects PIE&G’s commitment to keeping members’ services affordable.
Once you are in a safe location, call PIE&G toll-free at 800-655-8565, anytime 24/7. Trained employees will investigate at no charge. Please report any unusual activity near a natural gas pipeline or facility.