



MESSAGE FROM THE COOPERATIVE

Capital credits: a benefit of co-op membership

Capital credits are a fundamental aspect of how member-owned cooperatives, like Holmes-Wayne Electric, operate. Each May, the cooperative announces the allocation of capital credits. But what exactly are capital credits, and how do they affect you?



John Porter
PRESIDENT/CEO

What are capital credits?

Capital credits are the cooperative's way of sharing its financial success with its members. When an electric cooperative generates revenue that exceeds its operational expenses, the surplus is considered a margin. Instead of distributing these margins to investors, as traditional utilities would, cooperatives allocate them to their members based on their patronage. This allocation reflects each member's contribution to the cooperative's financial success.

What is a capital credit allocation?

A capital credit allocation is your portion of the cooperative's profits in a particular year. The annual allocation process is proportional; your share is determined by your contribution to the revenues of the cooperative. For example, if you were billed more than your neighbor, your allocated capital credits will be higher too.

These capital credits, which have come from the cooperative's positive operating margins, represent each member's ownership interest in Holmes-Wayne Electric. While allocated, these funds remain on the cooperative's books to build equity, invest in infrastructure, and manage cash flow rather than being paid immediately, acting as reserve to support the financial needs of the cooperative.

Your 2025 allocation will appear on this month's billing statement. However, it's important to note that this is not the amount you will receive this year. Capital credits are currently being retired on an industry recommended 20-year cycle. While you are allocated this amount, you will not receive the cash return until much later.

Annual retirement of capital credits

Each spring, HWEC's Board of Directors evaluates the financial condition of your cooperative. As the financial status of the cooperative permits, the board will "retire" a portion of the capital credits. When capital credits are retired they are returned to current and former members via check — a good reason to keep us apprised of your address if you move off Holmes-Wayne electric lines! This year, HWEC will return \$2,141,993 from the year 2005. This significant sum reflects the cooperative's commitment to its members and its sound financial management.

Following the 2026 capital credit retirement, Holmes-Wayne has returned more than \$39.7 million to our members through this process. It's a powerful example of how the cooperative model works — returning value, maintaining reliability, and reinforcing long-term stability.



Capital Credit

FAQ



What is the minimum amount that will be returned to a member?

Annual general retirement checks are only mailed if they are \$10.00 or higher. If your return is less than \$10, the cooperative will automatically roll over your return to the next year.



What is the Buckeye Power Capital Credit Allocation?

Buckeye Power is HWEC's generation and transmission supplier. Buckeye Power itself is a cooperative, owned by HWEC and 23 other electric cooperatives in Ohio. Just as HWEC allocates margins to our members, Buckeye Power allocates margins to its members. When HWEC receives margin allocations from Buckeye Power, we re-allocate those margins to our members.



Why can't I have my capital credits now?

Capital credits are not cash. Capital credits are used to finance capital improvement and expansion needs before the co-op must apply for traditional loans and pay interest on those borrowed funds. Improvement and expansion may include poles, wires, transformers, substations, plants, and equipment that provide service. Capital credits are used appropriately to keep the cost of electricity as low as practical, while maintaining a high quality of service and financial strength of the cooperative.



Do I need to report capital credits on my income taxes?

If you are a residential customer, you may not need to report capital credits as income when you file your taxes. If your electric service is for business purposes, and payments for electricity are deductions in the calculations of taxable income, capital credits may affect your income tax liability. Please consult with your tax advisor regarding any capital credit refunds received.



What happens to the capital credits of a deceased HWEC member?

If a member or former member dies, any remaining capital credit accumulation is a part of the estate and can be assigned to the heirs or beneficiaries. They will then receive payment on the same retirement cycle as the remaining membership or the estate may receive the discounted current value of the account. Estate retirements are paid on a "present day value" based on the current 30-year U.S. Treasury Note yield, similar to the rate at which the cooperative borrows money.



What happens to my capital credits when I leave HWEC service area?

Your capital credits remain on our books, and in your name, until they are fully retired. Because retirements continue to be made many years after credits are earned and allocated, we encourage you to make sure that HWEC always has your current mailing address.

ALLOCATION & RETIREMENT

An **allocation** is made annually for each member based on their patronage from the prior year. An allocation is your share of the co-op's margins HWEC sets aside in a separate account to be used as operating capital for reliability improvements and maintenance over a period of years.

A **retirement** is the amount you receive back as a capital credit refund. It is part of your total capital credit balance. The amount retired is decided annually by the board of directors based on the financial needs of the cooperative.

1

When you move into a home or establish a business in Holmes-Wayne's territory, you become a member of the cooperative.

2

A capital credit account is established in your name and HWEC uses this to record your investment in the cooperative.

3

Each year, any funds remaining after expenses have been paid are allocated to members' capital credit accounts.

4

Capital credits are based on the amount of the billings for the electricity that you use, so your allocation will vary each year with your energy usage.

5

Each year, the board evaluates the financial condition of the co-op to determine whether we can retire capital credits and if so, how much will be retired.



2026

Children of Members Scholarship winners

Holmes-Wayne Electric Cooperative is pleased to announce the winners of our 2026 Children of Members scholarships. Congratulations to these outstanding students!



1st place:
Lillith Dreibelbis,
daughter of Cory
Dreibelbis & Lauren Hargis,
Norwayne High School



2nd place:
Drew Badertscher,
son of Andy & Jen
Badertscher, Central
Christian High School



3rd place:
Luke Starr,
son of Adam & Kate Starr,
Triway High School



4th place:
Madeline Wolf,
daughter of Gregory &
Sarah Wolf, Norwayne
High School



5th place:
Katherine Kaster,
daughter of Vince & Laura
Kaster, West Holmes
High School



6th place:
Grace Cerniglia,
daughter of Andrew
& Angela Cerniglia,
Waynedale High School



7th place:
Max Coakley,
son of Gabe & Billi
Coakley, West Holmes
High School



8th place:
Lucas McCort,
son of Mike & Kristen
McCort, Norwayne
High School



9th place:
Joy Acker,
daughter of Jed & Beth
Acker, Triway High School



10th place:
Anabelle Thomsson,
daughter of Jason &
Charity Thompson,
Waynedale High School



WE WANT TO HEAR FROM YOU!

Your thoughts and opinions on HWEC
help us better serve you.

In May, Holmes-Wayne Electric Cooperative will be working with NRECA Market Research Services to complete member satisfaction surveys.

The random surveys will be conducted by phone and email, and not everyone will be contacted. If you are contacted, we would greatly appreciate a few minutes of your time to share your opinions about the cooperative. All information is confidential.

We strive to provide all member-owners with safe, affordable, reliable, and clean electric service. By participating in the survey, you will help us make decisions that benefit you, your family, and your neighbors.



Happy Mother's
Day from



Holmes-Wayne
Electric
Cooperative

Medical Awareness Certification form



Is someone living in your home with a medical condition that requires electrical assistance? If so, you must notify Holmes-Wayne by completing the form below to be added to, or remain on, our Medical Awareness list.

Holmes-Wayne Electric makes every effort to keep power flowing to all our members. Because of factors beyond our control, it always is our recommendation that you create a backup plan in case of a power outage. This may be as simple as having a small generator or another location to relocate to if such a case would occur.

All members who maintain up-to-date contact information are notified for planned outages for maintenance and repair.

For uncontrollable outages such as weather conditions or car accidents, power is restored through a safe and efficient remediation process. Members on the medical list are given first consideration when individual line and/or meters are being restored. **The Medical Awareness Certification form must be completed on an annual basis.**

Holmes-Wayne Electric Cooperative, Inc. Medical Awareness Certification

If you or someone in your home is dependent on medical equipment operated by electricity, please provide the following information.

Name _____

Account number _____

Address _____

Phone number _____

Cellphone _____

We request that the attending physician please complete and certify the following information.

Equipment in use _____

Physician's signature _____

Date _____

Return completed form in your next bill or to:

Scan QR code
for online form



Holmes-Wayne Electric Cooperative Inc.

Attn: Medical Awareness List

P.O. Box 112; Millersburg, OH 44654

Fax: 330-674-1869 • Email: newmember@hwecoop.com

September 25-27, 2026
Washington, D.C.

Holmes-Wayne Community Honor Trip

Holmes-Wayne Community Honor Trip is an opportunity for WWII, Korean and Vietnam War veterans to visit the memorials in Washington, D.C., that honor their service. This honor trip is entirely funded by private donations from individuals and organizations.

Veterans will travel for free and guardians/ caretakers for a reduced rate.

If you are interested in participating on this bus trip, please contact Holmes-Wayne at 866-674-1055 for an application.

If you are interested in making a donation to this worthy cause, please make checks payable to Shreve American Legion Post 67 and write "Honor Trip" in the memo line.

Mail checks to P.O. Box 112, Millersburg, OH 44654.

This program is coordinated by the Shreve American Legion Forest Post 67 and Holmes-Wayne Electric Cooperative, Inc. Holmes-Wayne Honor Trip is a 501(c)3 organization.



Shreve American Legion
Forest Post 67



Holmes-Wayne
Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

Memorial Day is May 25.

Our office will be closed as we honor the brave men and women lost in the pursuit of freedom.





HOLMES-WAYNE ELECTRIC ANNUAL MEETING



DATE
June 25, 2026



TIME
10:00 AM



LOCATION
Harvest Ridge Fairgrounds,
Millersburg



**JOIN US FOR
COFFEE &
DONUTS**



Holmes-Wayne
Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

CONTACT

866-674-1055 (toll-free)
www.hwecoop.com

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SMARTHUB

Report an outage, submit a meter reading, and pay your bill all through our mobile SmartHub application. Available for both Android and Apple devices



CALL US 24/7

Report outages, submit meter readings, and make payments

Text an outage to 55050 with the word "outage."

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