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SUBJECT: Unclaimed Capital Credits and Donated Capital

POLICY: Pursuant to IRS ruling, any payments of capital credit made to members that remain unclaimed can eventually be treated as capital contributions to the Cooperative. The ruling states that there are no restrictions on how the unclaimed credits may be used by the Cooperative as long as those uses benefit the members.

Capital credit payments made to members will be considered “unclaimed” in the event that either: (1) the checks that were mailed to the member are returned to the Cooperative due to an invalid address on record or (2) the check payment made to the member is not cashed within 6 months from the date of issue. Checks that are not cashed within 6 months of date of issue will be voided by the Cooperative.

The Cooperative will attempt to locate all members who have unclaimed capital credits in the following manner:

- 1) The Cooperative will publish names of “lost” members in the Cooperative newsletter in the year following the member’s capital credit being deemed “unclaimed”.
- 2) The Cooperative will post names of “lost” members on the Cooperative website for at least 5 years following the member’s capital credits being deemed “unclaimed”.

Each year, the Cooperative will review member accounts which have had capital credit payments listed as “unclaimed” for more than a year. These funds will be transferred to a “donated capital” account of the Cooperative subject to approval by board resolution.

The Cooperative will retain sufficient records and funds to be able to refund any donated capital credit payments upon request by a “found” member. The total amount of capital credits paid to a single found member under this policy shall not exceed \$10,000.00 annually in any event. In circumstances where capital credits owed to a single found member exceed \$10,000, the balance of the payment may be made in the following year(s) on a first earned, first retired basis.



PROCEDURE: Above procedure to be carried out by the billing department with assistance from the finance department.

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

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