

## WHAT DOES IT MEAN TO BE A MEMBER OWNER?

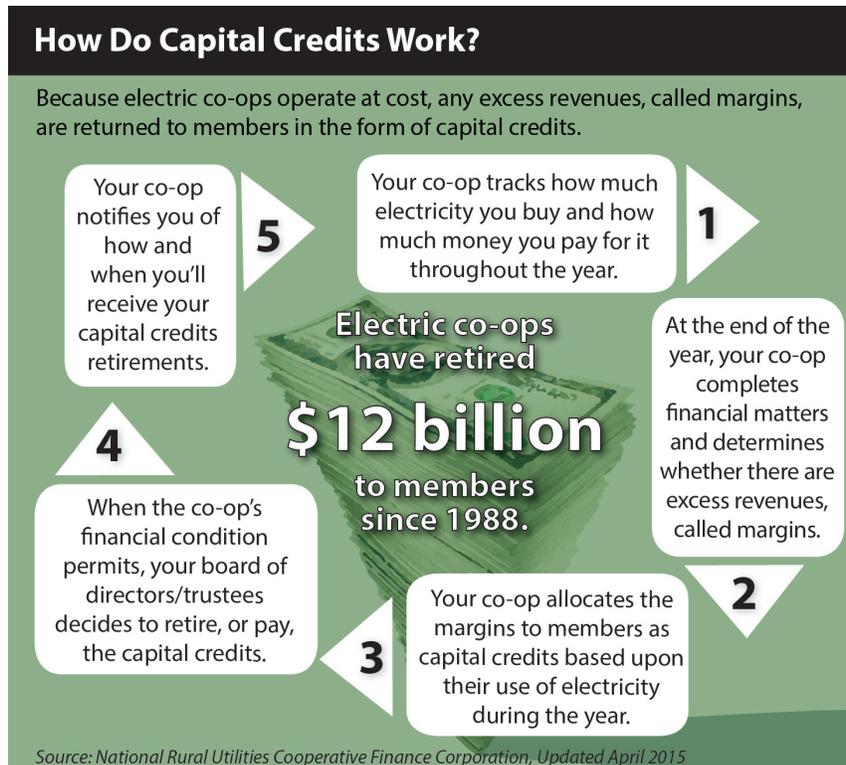
When you signed up to receive electric service from CLP, you became a member owner. Being a member of your electric cooperative gives you direct access to your CLP team. If you have a concern about CLP, you can walk in or make an appointment to speak directly with CLP's staff, management or board of directors.

Our business is part of your community. Our headquarters and employees reside in Northeastern Minnesota, just like you. They are your friends and neighbors, and also have a stake in the success of your cooperative.

You have a voice. You have a right and a responsibility to share your opinions about how CLP is run. You elect your district director for the CLP board who, in turn, set cooperative policies. Rather than worry about shareholders, a cooperative always keeps your best interests at heart.

Another great thing about being a member of a cooperative is receiving capital credits. Think of it like getting a refund for a job well done. A cooperative does not earn profits in the sense that other businesses do. Cash comes into an electric cooperative when members pay their monthly utility bills. The cooperative uses this money as working capital for a period of time. At the end of the year, any margins, or revenues, remaining after all expenses have been paid, are returned to the members in proportion to their usage of CLP's electric service. This is done through capital credit allocations and retirements.

Your investment in your cooperative is used to help meet the annual expenses of the cooperative, such as paying for new equipment necessary to effectively and efficiently serve you, our member. The cash is also used to repay long-term debt. By using this cash for operational expenses, we do not have to borrow as much money to operate the cooperative, thus resulting in reduced cost of electricity for you and the membership as a whole.



Each year, the board of directors determines whether the cooperative's financial position permits the return, or retirement, of capital credits; and, if so, what amount of capital credits will be retired. The amounts allocated to each member are based on each individual member's participation in the cooperative. This year, CLP will be giving

back \$400,000. Since its inception, CLP has given back \$2,123,896 in capital credits to its members. Important note: a member who terminates service no longer receives additional capital credits allocations; however, the balance in the member's capital credits account is maintained until it is retired in full. All current members that are receiving capital credits will see a line item with a credit notated on next month's utility bill. All past members will receive a check if we have their correct mailing address. Any unclaimed capital credits that are over 7 years old, will be donated to the Operation Round Up Community Trust, and will be used for a variety of community projects.

**That is the Cooperative difference!**