



P.O. Drawer B  
Pima, AZ 85543

(928) 485-2451  
Toll free: (800) 577-9266  
Fax: (928) 485-9491  
www.gce.coop

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**Manager's Message**

# Capital Credits Legislation

Last year, Graham County Electric Cooperative members unanimously approved a change to the bylaws that would allow unclaimed capital credit retirement payments to be used to fund valuable services in our community.

GCEC established a foundation to provide youth scholarships, educational opportunities and assistance for low-income cooperative members, but the funding for this foundation depended on passage of a bill by the Arizona legislature.

The Legislature failed to pass that bill last session. GCEC and Grand Canyon State Electric Cooperative Association, along with all the other electric cooperatives in Arizona, are working to re-introduce legislation to fund those needed programs.

All of the state's unique, not-for-profit electric cooperatives return their margins—what for-profit utilities call profits—to their members. If former members cannot be found, the capital credits are returned to the cooperative. Arizona's electric cooperatives, like other cooperatives across the country, have historically used these resources to support charitable groups and service organizations for things such as classroom grants, scholarships and other educational programs.

That may end. In 2016, the Arizona Department of Revenue re-interpreted the law, allowing the state to take possession of unclaimed property, including those returned



capital credits. This interpretation reversed decades of guidance and interpretation from the department that allowed for the establishment of these programs. Prior to the 2016 interpretation, communications to the cooperatives indicated cooperatives were exempt from unclaimed property laws and were well within their rights to conduct these programs.

Unless legislation is passed in the 2018 state legislative session clarifying cooperatives' ability to retain those returned capital credits, the money will wind up in the state's general fund, and is not likely to go back to the communities from which it came.

These programs are about more than dollars and cents, or how one person's interpretation differs from another. The true impact of these programs is felt within the rural communities they benefit, by the children and families who live there.

GCEC is proud to support our rural communities. And we support the 2018 legislation that provides an exemption for returned capital credit payments from Arizona's unclaimed property laws, so cooperatives can keep these resources local. Let's hope lawmakers listen and vote for it.

Please watch for our legislative grassroots efforts to get this important legislation across the finish line.

—Kirk Gray