

Ark Valley Electric Cooperative

I am concerned about the effects re-classifying capital credits would have on the cooperative. It would put everything a cooperative stands for in jeopardy.

If the coop had to re-classify capital credits for all individuals as a liability simply because a few of them are discounted each year to deceased members estates, which is done at the discretion of the board, would be devastating effect on the balance sheet. The coop would suddenly be in technical default of its loans. The impact of the reclassification would have to be passed down to the members by ultimately increasing rates.

At the least, I would expect a reasonable reclassification to be accepted for capital credits being paid to estates, because only a small portion of the members would die each year.

Without a cooperative exemption from FASB #150 the equity would be significantly decreased. The cooperative exists because of its members, the owners. It would be a shame if everything they have worked to accomplish was suddenly all at risk.

I appreciate the opportunity you made available during this comment period, as do all the cooperatives.

Thank you,

Jackie Holmberg