WASHINGTON ELECTRIC MEMBERSHIP CORPORATION

CORPORATE POLICY 910

CAPITAL CREDIT RETIREMENT FOR ESTATES

OBJECTIVE:

To establish the Cooperative's policy on the accelerated and discounted retirement of capital credits for the estates of deceased members and former members who are natural persons.

POLICY:

Acceleration and Discount of Estates' Capital Credits.

1. As authorized by O.C.G.A. § 46-3-341 and the Cooperative's Bylaws § 6.09, as may be amended, the Cooperative is authorized to retire capital credits of deceased members and former members who are natural persons ("Deceased Members"). To implement these provisions, the Board adopts this policy setting forth rules and procedures for the accelerated and discounted retirement ("Discounted Retirement") of Deceased Members' Capital Credits, as defined herein.

2. Depending on the Cooperative's financial situation, the Board may elect to implement Discounted Retirement of Deceased Members' entire capital credit balance or any portion thereof. Notwithstanding the foregoing, pursuant to Bylaws § 6.06, the Board elects not to implement Discounted Retirement of Deceased Members' capital credits directly or indirectly derived from the Cooperative's capital credits assigned by Oglethorpe Power Corporation (An Electric Membership Corporation), Georgia Transmission Corporation (An Electric Membership Corporation), Georgia System Operations Corporation, and Smarr EMC (collectively, "G&T Capital Credits"), unless such G&T Capital Credits previously have been received in cash by the Cooperative. Except for G&T Capital Credits, the Board may implement Discounted Retirement of Deceased Members' capital credits directly or indirectly derived from capital credits assigned to the Cooperative by other organizations in which the Cooperative is a member. The amount of capital credits subject to Discounted Retirement under this Policy shall be referred to herein as "Capital Credits."

3. In calculating the discounted value of Capital Credits ("Discounted Value"), the Board will determine the appropriate capital rotation period, the discount rate, the specific years of accumulated Capital Credits, or portion thereof, and any other factor relevant to Discounted Retirement or determination of Discounted Value.

4. As a condition to Discounted Retirement, the difference between the full face value of Capital Credits and the Discounted Value (the "Discount"), and any G&T Capital Credits not previously received in cash by the Cooperative, shall be donated by the Deceased Member to the Cooperative without the need for any further action on the part of the Deceased Member or his or her estate; such amounts will become the property of the Cooperative; and the Deceased Member and his or her estate shall have no continuing interest therein.

5.   As a condition to Discounted Retirement, each Applicant shall agree to the terms of this Policy by submitting an Application for Discounted Retirement as provided herein.

Discounting

1.   The Discounted Value shall be calculated as the amount of Capital Credits, reduced to present value based on an annual discount rate applicable to the year the Cooperative receives the application. The annual discount rate will be calculated each year, effective January 1, as the Weighted Average Cost of Capital for the Cooperative. The Discounted Value shall be paid by check, in accordance with this policy and other limitations established by the Board.

2.   Notwithstanding anything to the contrary herein, the Cooperative shall have the right to setoff a Deceased Member's outstanding account balance against any Discounted Value. In such case, the Discounted Retirement check will be in the amount of the Discounted Value less the outstanding account balance. If any outstanding balance remains after applying such setoff, the Deceased Member and his or her estate shall remain liable therefor.

Request For Payment of Discounted Retirement

1.   To request Discounted Retirement of Capital Credits, the heirs, personal representatives, executors, or administrators of a Deceased Member's estate, as applicable ("Applicant" or "Applicants"), shall jointly submit an Application for Discounted Retirement. Only one application shall be submitted. By submitting such application, each Applicant, on behalf of the Deceased Member and his or her estate, warrants, represents, and covenants that he or she has the power to bind the Deceased Member's estate and agree to the terms of this Policy.

2.   The Cooperative will determine, in its sole discretion, the person to receive payment of the Discounted Value ("Payee"). To the extent applicable, the person designated as the proper payee in O.C.G.A. § 46-3-341 shall be the Payee. If such provisions are not applicable or if no person is designated thereunder, then the Applicants shall so indicate on the application and will provide all information necessary to identify the Deceased Member's heirs. Payment to the Payee shall be deemed a payment to the Deceased Member and his or her estate. After issuing the Discounted Retirement check to the Payee, the Cooperative has no obligation for Payee's distribution of the Discounted Value among the Applicants or others.

3.   On behalf of Deceased Member and his or her estate, each Applicant agrees that the Cooperative's payment of the Discounted Value, less any setoff, to Payee shall constitute a full and final settlement and discharge of any right to full face value of Capital Credits. Each Applicant agrees that the Discounted Value represents the same value as if the Deceased Member or his or her estate received the full face value at the end of the applicable capital rotation cycle, taking into account the time value of money. Accordingly, Discounted Retirement does not result in a forfeiture of Capital Credits but is an agreed-upon, arm's length exchange.

4.   Along with the Application for Discounted Retirement, Applicants shall provide all documentation required by the Board or the staff of the Cooperative to demonstrate such persons have authority to bind the Deceased Member's estate and to verify the Payee is entitled to receive the Discounted

Retirement check. Such documentation shall include letters testamentary, letters of administration, or any other documentation that a probate court has appointed such person as executor, personal representative, or administrator, or similar role of a Deceased Member's estate.

5. As a further condition to Discounted Retirement, each Applicant and Payee jointly and severally agrees to indemnify, defend, and hold harmless the Cooperative against any claim arising out of or related to the Capital Credits or Discounted Retirement.

Request For Payment of Discounted Retirement

1. Upon the death of an individual current or former patron, the deceased patron's legal representatives may elect to receive accelerated retirement of the deceased patron's capital credits. Otherwise, such capital credits will be paid under the Cooperative's normal rotation cycle through ongoing and periodic payments. Because the bookkeeping and accounting services required to process ongoing and periodic refunds of capital credits for deceased patrons increase the costs incurred by the Cooperative, the Cooperative will impose an administrative fee of five dollars ($5.00) on each check issued for deceased patrons, except those who elect to receive accelerated retirement of capital credits.

2. Unless the Cooperative elects to collect the administrative fee earlier, the administrative fee will be setoff against any capital credits retired and shall be credited annually to the Cooperative from the deceased individual patron's patronage capital credits.

3. This policy shall be implemented and applied in a uniform and non-discriminatory manner.

RESPONSIBILITY:

The Board of Directors of Washington EMC shall be responsible for the approval of this policy.

The President/CEO shall be responsible for the overall enforcement of this policy.

DATE APPROVED: 1/26/17   **DATE EFFECTIVE:**

REVISED: 7/28/22