



Shelby Energy Cooperative

A Touchstone Energy Cooperative 

**2014**  
ANNUAL REPORT

# RELIABILITY & EFFICIENCY



**A HERITAGE OF  
MAKING YOUR  
POWER THE  
TOP PRIORITY**

## Reliability and Efficiency: a heritage of making your power the top priority



**TOP:** Nick Morris, Manager of Engineering; Candi Waford, Manager of Member Services; Debra Martin, President & CEO; Mary Federle, Manager of Billing and Customer Service; Denise Hume, Manager of Accounting; and Jason Ginn, Vice President of Operations & Engineering.

**ON THE COVER:** Jason Ginn, Vice President of Operations & Engineering, Nick Morris, Manager of Engineering, David Graham, System Engineer, Pete Bohannon, Materials Technician, and the Shelby Energy Line Technicians.

Nothing is more important for Shelby Energy Cooperative than making sure you have electricity when you want it as safely and efficiently as possible.

Reliable electricity motivated farmers more than 75 years ago, when batteries, generators, or no power at all separated them from the people in town. They organized themselves into user-owned utilities so they could be part of modern American society.

Much has changed over the decades, but what will never change is Shelby Energy's mission of making your power the top priority.

This annual report gives you the basics of the past year. For an even better sense of Shelby Energy, come to the 2015 Annual Meeting for some important business, and an entertaining and fulfilling sense of community.

## Fuel factor

Over the past year you've heard a lot from Shelby Energy about the effects of environmental rules, especially about the Environmental Protection Agency proposals to regulate carbon dioxide emissions from coal-fired power plants.

There's a good reason for that attention: those proposals will affect the reliability and availability of your electricity.

During the past two winters we've had extended cold spells that required Shelby Energy to use all its available sources of electricity to allow you to heat your home.

The EPA's proposed regulations make it so difficult to continue to operate coal powered plants that some of them are being shut down, even here in Kentucky, where coal provides the fuel for nearly all of our electricity.

Replacing coal with renewable fuels like solar and wind energy would be extremely expensive and difficult, and maybe even impossible. For now, natural gas is currently being used to meet near-term needs.

Shelby Energy will continue working with cooperatives and other utilities across the state and nation to make any proposed rules as fair as possible to our community. Electric cooperative representatives in Frankfort and Washington, D.C., will continue to work with officials at all levels to protect the reliability and availability of affordable electricity.



The heritage of electric co-ops' reliable and affordable electricity in America goes back more than 75 years, shown in these photos. Top, death-defying crews built transmission lines in the fast-growth years after World War II. Today, workers follow much stricter safety procedures. Above, workers in the 1930s hard at work installing power lines. But before that could happen, shown at the top of the next page, rural people had to learn about the new technology of electricity, and be persuaded to part with a precious \$5 deposit—a tough decision during The Great Depression. Bottom of the next page, a co-op truck and substation in the 1940s. During World War II the co-op program changed its focus to the "electro-economy," using rural electrification to increase farm productivity for the war effort. Photos: National Rural Electric Cooperative Association

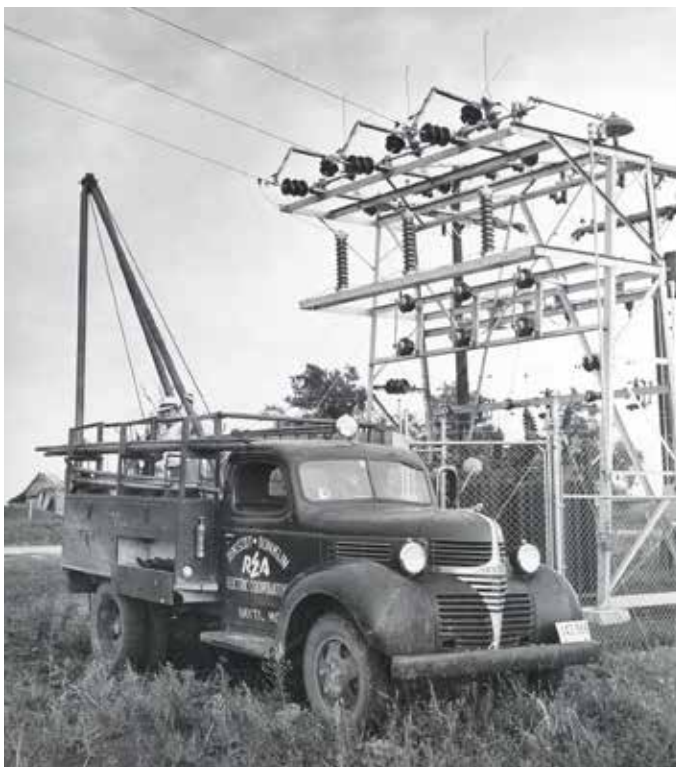


### 24/7 safety

Shelby Energy Cooperative practices attention to safety around electricity at all times. For employees, especially line technicians regularly out in the field, strict procedures are followed. No shortcuts are allowed. Our line technicians regularly attend training and awareness workshops. For our members at home, Shelby Energy uses every means of communication to remind you how to stay safe around electricity. You'll be able to see a live demonstration of the power of electricity at the Shelby Energy annual meeting this summer, by watching one of the presentations at our electrical safety exhibit.

### Save energy, save money

Shelby Energy helps you use your electricity as efficiently as possible through information and incentive programs. It's good business, making the best use of resources, and it's good for your budget as well. Contact Shelby Energy for advice on getting the best value from your energy dollar.



### Community neighbor

Electricity means more than keeping your lights on. As your member-owned utility, Shelby Energy sees reliable and affordable electricity as an essential part of a strong community. Involvement in economic development, youth and scholarship programs, and other local priorities are part of what makes Shelby Energy a good neighbor in our community.



Ashley Chilton  
Chairman



Randy Stevens  
Vice Chairman



Roger G. Taylor  
Secretary/Treasurer



R. Wayne Stratton



Diana Arnold



Pat Hargadon



Debra J. Martin  
President & CEO



Donald Prather  
Attorney

## Official Business Meeting Agenda Annual Meeting of Members Shelby Energy Cooperative

Where: Henry County High School

When: June 25, 2015

Registration Time: 4:30 p.m.


Business Meeting Time: 6:30 p.m.

The annual membership meeting of this co-op organizes to take action on the following matters:

1. Report on the number of members present in person or by valid proxy, in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of the previous meeting of the members and the taking of necessary action thereon;
4. Presentation and consideration of reports of officers, trustees, and committees;
5. Report on the election of board members;
6. Unfinished business;
7. New business (or other business if properly raised), other agenda items, if any, and
8. Adjournment



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## ACTIVE MEMBERS

(as of December 31, 2014)

Shelby County .....	5,740
Henry County .....	3,119
Trimble County .....	2,613
Carroll County .....	650
Jefferson County .....	6
Spencer County .....	49
Anderson County .....	10
Franklin County .....	5
Owen County .....	80
Oldham County .....	80
Total .....	12,352

## Accounts Billed

2014..... 15,726

## Average Kilowatt-hour Use (Residential per month)

2014..... 1,336

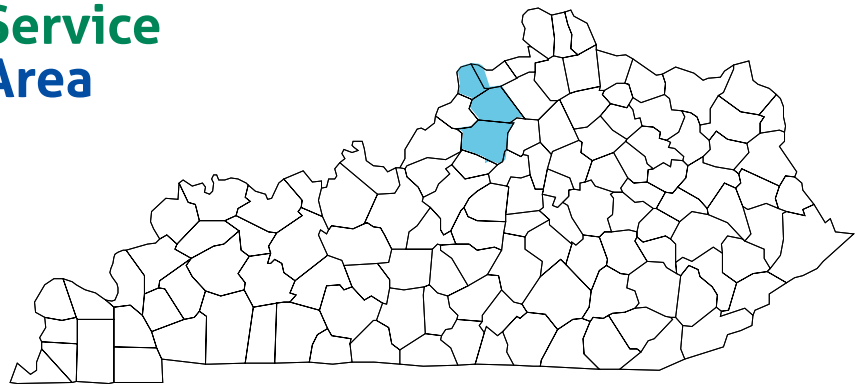
## Miles of Line

2014..... 2,127.5

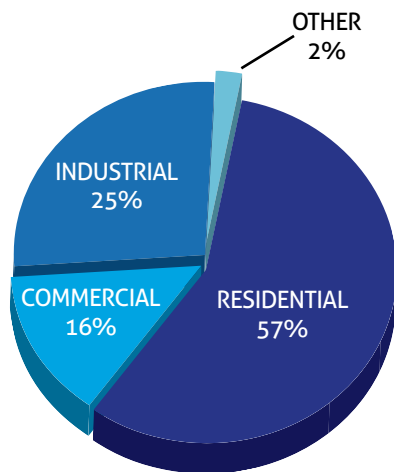
## Consumers Per Mile

2014..... 7.4

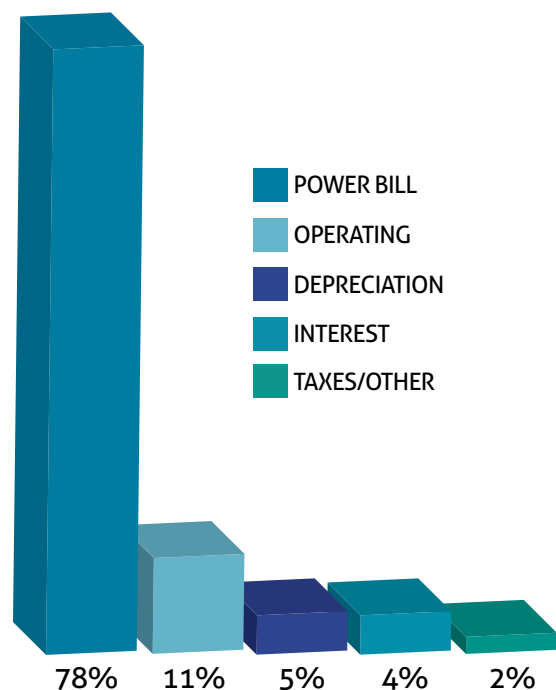
## Service Area



## Revenue Sources



## Major Costs



## Statement of Operations

For the Year Ending December 31, 2014

Operating Revenue.....	\$45,771,621
Operating Expense	
Purchased Power .....	\$35,260,862
Operating System .....	4,923,125
Depreciation .....	2,332,128
Taxes .....	808,410
Interest on Loans.....	1,659,591
Other Deductions .....	44,148
Total Cost of Electric Service .....	\$45,028,264
Operating Margins.....	\$743,357
Non-Operating Margins.....	238,750
G & T Capital Credits .....	2,305,926
Other Capital Credits .....	72,480
Patronage Capital and Margins .....	3,360,513

## Balance Sheet

For the Year Ending December 31, 2014

ASSETS	
Total Utility Plant.....	\$84,455,568
Less Depreciation.....	16,910,364
Net Utility Plant.....	\$67,545,204
Investment in Assoc.	
Organization .....	\$21,526,345
Cash.....	2,355,731
Notes Receivable .....	0
Accounts Receivable .....	4,043,905
Inventory.....	550,768
Expenses Paid in Advance .....	193,873
Deferred Debits and Other Assets .....	9,738
Total Assets .....	\$96,225,564
LIABILITIES	
Consumer Deposits.....	\$1,517,534
Membership and Other Equities .....	38,525,785
Long-Term Debt.....	46,930,359
Notes and Accounts Payable.....	6,409,303
Non-current Liabilities.....	1,970,182
Other Current Liabilities.....	395,049
Other Deferred Credits .....	477,352
Total Liabilities.....	\$96,225,564



# Shelby Energy Cooperative

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## 2015 ANNUAL MEETING THURSDAY, JUNE 25

Henry County High School  
New Castle, KY

Registration: 4:30 p.m.

Business Meeting: 6:30 p.m.



**FREE**  
Energy-saving light  
bulbs for members  
who attend!



**KENTUCKY BLUE**



- Food
- Information booths
- Video game trailer
- Balloon artist
- Health screenings
- Music by Kentucky Blue

Balloon Artist:  
**Terry Kelley**



Caricaturist  
**Denny Whalen**