

YOUR NEIGHBOR, YOUR ENERGY

2018 Annual Report



Shelby Energy Cooperative

A Touchstone Energy® Cooperative 



YOUR NEIGHBOR, YOUR ENERGY

Of all the rules, guidelines and standards that Shelby Energy Cooperative follows to serve our members with safe, reliable and affordable electricity, you will not find our most significant guiding principle in a manual or three-ring binder. Instead, the core of our purpose can be stated in just one simple rule, the Golden Rule.

“Love your neighbor as yourself,” we are often reminded. Which leads us to the question, “Who is my neighbor?” Shelby Energy Cooperative has the answer.

We are your neighbors.

Shelby Energy Cooperative is your neighbor in every sense of the word. We’re not only your neigh-

bor because you live in one of the ten counties we serve. We’re your neighbors because we share a common purpose and interest, to improve the quality of life in the place we call home. We are in a great position to serve our own home area, from Milton to Mt. Eden and throughout our territory, because we are a cooperative.

Cooperatives, by their very nature, are uniquely suited to understand their own local community. Shelby Energy Cooperative was built by, belongs to, and is led by people in this community.

What does this mean for you? This means that instead of decisions being

made with the concerns of out-of-town shareholders in mind, Shelby Energy Cooperative considers what those decisions and strategies mean for our local communities. We work with our energy provider, East Kentucky Power Cooperative, to keep rates low, attract business, create jobs and advocate for our local communities. We are not only working for ourselves, but so our children and grandchildren see this area as an attractive place to live and raise their families.

That co-op spirit extends to a larger cooperative network in Kentucky and across America that works together on innovations and



■ Above, Shelby Energy's key staff includes, back row from left, SVP Finance and Cooperative Services Jared Routh; Manager of Engineering Zach Mischler; Manager of Accounting and Payroll Sergio Cole; SVP Power Delivery Services Randy Stevens; and front row from left, Executive Assistant Carolyn Cutshaw; President & CEO Jack Bragg Jr.; Billing and Customer Service Manager Nanette McCarty; and Manager of Operations Jason Ginn. Photo: Tim Webb

■ Left, Shelby Energy sends veterans annually on an all-expenses-paid Honor Flight to Washington, D.C. In 2018 Barry Leighy, Smithfield, shown, and Larry Simpson, Lawrenceburg, were recipients. Photo: Tim Webb

■ Right, Shelby Energy employees participated in Beautify the Bluegrass initiative to spruce up the grounds of the Shelby County Annex building. Photo: Chris Hayes

efficiency. Like good neighbors, when disaster strikes, our fellow co-ops are ready to help.

THE HELPING NATURE OF COOPERATIVES

Several times within this past year, Shelby Energy Cooperative has helped restore power to co-ops in Kentucky and in other states. Shelby Energy sent crews to Rappahannock, Virginia, in March 2018 to help after nearly 50,000 of their members lost power during a major windstorm.

Our top priority is service to you, our neighbors. Before committing resources to mutual aid

requests, we ensure we have ample crews available for all local needs, including routine maintenance and emergencies should they arise.

By helping our neighbors, we are helping ourselves. It's long hours in challenging conditions, but our line workers are wired to help people. Shelby Energy Cooperative is better prepared to respond to local power outages because of the assistance we provide our neighboring co-ops.

Our commitment to community also includes safety demonstrations for school and community groups, scholarships for college-bound students and Shelby Energy staff volunteering as active and involved community members.

WE ARE PART OF THE COMMUNITIES WE SERVE

In partnership with *Kentucky Living* magazine and the Kentucky governor's office,

Shelby Energy Cooperative is proud to support the Beautify the Bluegrass initiative. Shelby Energy volunteers removed old trees and shrubs, weeded, planted



flowers and put down new mulch at the Shelby County Annex building in Shelbyville.

Truly belonging to a community also means understanding the duty we have to each other. For Shelby Energy Cooperative to be able to safely and effectively serve you with on-demand energy, we need to maintain the electric grid. As a member of Kentucky Electric Cooperatives, we advocate for policies in Frankfort and Washington, D.C., that support our ability to provide the service you expect.

OUR POWER PROVIDER

Shelby Energy Cooperative is an owner of East Kentucky Power Cooperative (EKPC), a not-for-profit, member-owned cooperative like us, that provides energy to 16 Kentucky electric co-ops. EKPC generates energy at power plants fueled by coal, natural gas, solar and landfill methane, and delivers it to over 2,800 miles of high-voltage transmission lines.

With Cooperative Solar, members of Shelby Energy Cooperative have an unprecedented option for affordable solar power. Cooperative Solar allows co-op members to license solar panels at Cooperative Solar Farm One, a 60-acre solar array owned by Kentucky's Touchstone Energy Cooperatives. You can harness the energy of the sun without the hassle, maintenance and expense of owning private solar panels.

Shelby Energy Cooperative is also educating members about

■ **Cooperative Solar Farm One, a not-for-profit 60-acre solar farm located in Clark County, serves Shelby Energy members. Photo: Tim Webb**

the cost-saving benefits available with the use of electric vehicles

We are proud to be your energy, and we're even prouder to be your neighbor.

■ **Shelby Energy employees and others with Kentucky's Touchstone Energy Cooperatives volunteered at Ronald McDonald House in Louisville. Photo: Tim Webb**



AGENDA

ANNUAL MEETING OF MEMBERS SHELBY ENERGY COOPERATIVE

Henry County High School

Thursday, June 27

Registration: 4:30 p.m.

Business Meeting: 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 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 approved 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)
8. Adjournment



Jack Bragg Jr.
President and CEO



Ashley Chilton
Chairman



Pat Hargadon
Vice Chairman



Roger G. Taylor Jr.
Secretary-Treasurer



Diana Arnold



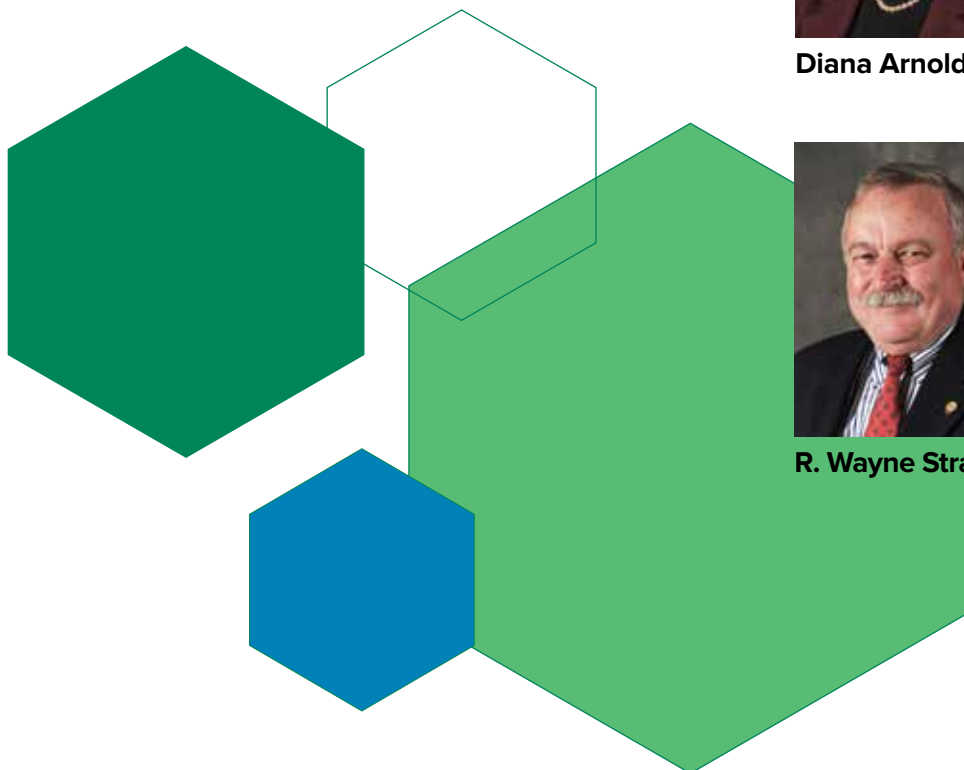
Jeff Joyce



R. Wayne Stratton



Alan Q. Zaring
Attorney



2018 SHELBY ENERGY COOPERATIVE

Year in Review

MEMBERS SERVED

As of December 31, 2018

Shelby County.....	6,163
Henry County.....	3,186
Trimble County.....	2,609
Carroll County.....	651
Jefferson County.....	5
Spencer County.....	86
Anderson County.....	11
Franklin County.....	5
Owen County.....	76
Oldham County.....	90
TOTAL	12,882

ACTIVE ACCOUNTS

2018	16,597
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AVERAGE KWH USAGE

(residential per month)

2018	1,505
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MILES OF LINE

2018	2,147
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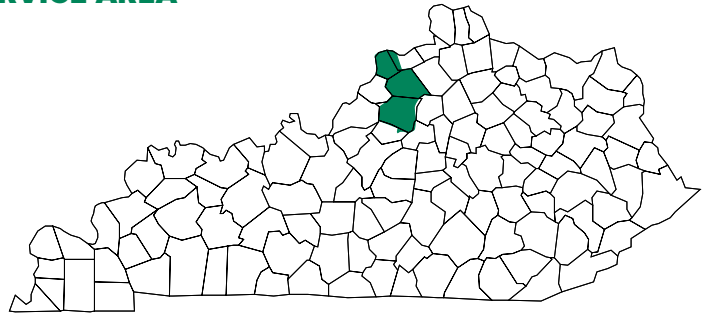
CONSUMERS PER MILE

2018	7.81
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FOR INFORMATION AND INQUIRIES

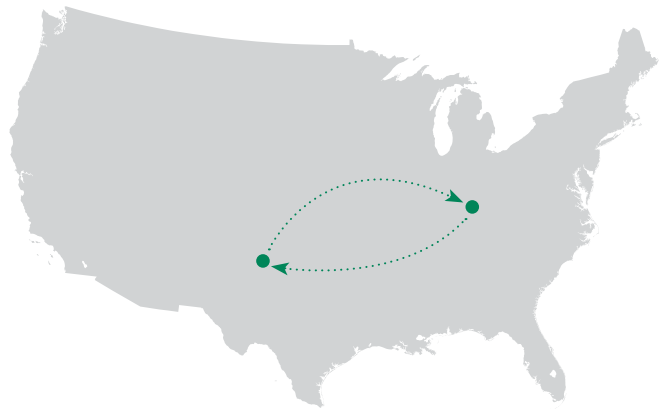
620 Old Finchville Road
Shelbyville, KY 40065
(800) 292-6585
(502) 633-4420

SERVICE AREA

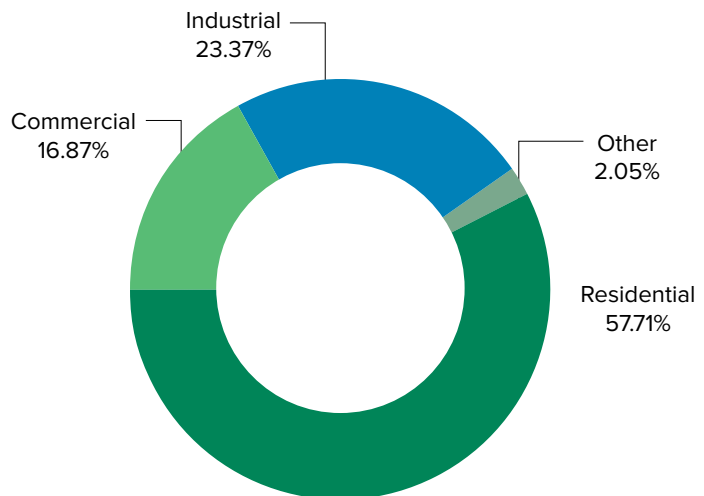


MAINTAINING LINE TO KEEP MEMBERS CONNECTED

Shelby Energy Cooperative maintains **2,147** miles of line in 10 counties in the cooperative territory. **That is roughly enough line to stretch from Shelbyville, Kentucky, to Amarillo, Texas, and back.**



REVENUE SOURCES



STATEMENT OF OPERATIONS

As of December 31, 2018

Operating Revenue \$47,163,668

OPERATING EXPENSE

Purchased Power \$33,950,034
 Operating System \$6,023,290
 Depreciation \$3,275,963
 Taxes \$1,035,275
 Interest on Loans \$1,971,796
 Other Deductions \$63,322
 Total Cost of Electric Service \$46,319,680
 Operating Margins \$843,988
 Non-Operating Margins \$538,323
 G & T Capital Credits \$1,633,908
 Other Capital Credits \$105,585
 Patronage Capital and Margins \$3,121,804

BALANCE SHEET

As of December 31, 2018

ASSETS

Total Utility Plant \$96,355,085
 Less Depreciation \$18,576,135
 Net Utility Plant \$77,778,950
 Investments in Associate Organization \$28,757,906
 Cash \$1,855,265
 Accounts Receivable \$4,209,173
 Inventory \$585,551
 Expenses Paid in Advance \$151,122
 Deferred Debits and Other Assets \$7,053
 Total Assets \$113,345,020

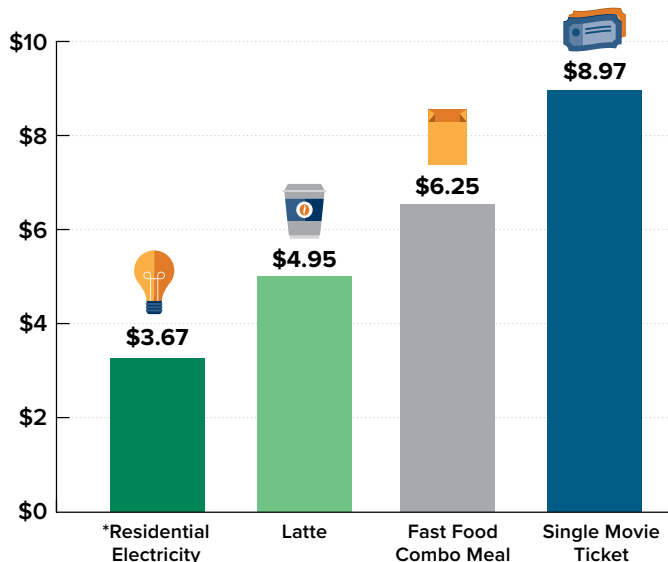
LIABILITIES

Consumer Deposits \$1,590,150
 Membership and Other Equities \$45,579,941
 Long-Term Debt \$60,012,912
 Notes and Accounts Payable \$3,655,870
 Noncurrent Liabilities \$1,481,249
 Other Current Liabilities \$1,024,897
 Total Liabilities \$113,345,020

ELECTRICITY REMAINS A GOOD VALUE

In today's world, costs are rising for nearly all consumer goods. For an average residential member of Shelby Energy, however, electricity cost per day remains a good value. At only **\$3.67 per day on average**, electricity costs are lower than the costs of many items that our members purchase every day.

** National averages. Residential electricity rate is for 2017, from the U.S. Energy Information Administration.*



2019 SHELBY ENERGY ANNUAL MEETING THURSDAY, JUNE 27



HENRY COUNTY HIGH SCHOOL

1120 Eminence Rd., New Castle, Kentucky

Registration begins at 4:30 p.m.

Annual Business Meeting begins at 6:30 p.m.

FEATURING

Piano Doctor & Company
Caricaturist Denny Whalen

Giveaways

Free food

Electric car display

Cooperative Solar

Tim Marcum—Reptile Show

FREE bucket and energy-saving LED bulbs!



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