

GUIDING PRINCIPLES

Owned by you, working for you



Shelby Energy Cooperative

A Touchstone Energy® Cooperative 

SHELBY ENERGY COOPERATIVE CORPORATION

2015 ANNUAL REPORT

Cover: (in front sitting) Shelby Energy CEO Debbie Martin. (Second row left to right) Manager of Accounting Denise Hume, Assistant Manager of Accounting Jared Routh, Executive Assistant Laurie Gutermuth, Manager of Member Services Candi Waford, Manager of Engineering Nick Morris, Billing Manager Mary Federle, and VP of Operations and Engineering Jason Ginn. Photo: Barbie Goodwin

Right: Energy Advisor Barbie Goodwin, left, helps keep member Stuart Monohan's energy affordable by showing him how energy-efficient appliances like this heat pump can save money. Photo: Emma Redmon



Shelby Energy Cooperative is proud to be unique.

We are unique in that we are a cooperative business, owned by you, working for you, and guided by

The Seven Cooperative Principles, which 171 years after they were first written, are still relevant today.

This annual report highlights the achievements your cooperative has made by adhering to these principles.

For instance, we rely on the principle of **Cooperation Among Cooperatives** as we work with our partner co-ops to deal with new EPA regulations.

Kentucky enjoys inexpensive and reliable electricity thanks to its coal-

fired power plants, which supply about 90 percent of our electricity. As the EPA's Clean Power Plan places steep limits on carbon emissions from those plants, Shelby Energy Cooperative is working with our national association and a network of 900 co-ops across the country to craft innovative solutions and a united response.

While the regulations may ultimately impact how we generate your energy, our mission of safe, reliable, and affordable electric service does not change.

KEEPING ENERGY AFFORDABLE

The principles of **Open and Voluntary Membership** and **Democratic Member**

THE GUIDING PRINCIPLES



HOW REGULATIONS IMPACT YOUR ELECTRIC RATES

Current and yet-to-be implemented regulations affect the cost to generate electricity. To comply, our co-op power supplier has invested hundreds of millions of dollars in environmental control equipment.

Because the new EPA regulations will force us to use less coal to generate electricity, we expect to see energy prices gradually increase for Kentuckians over the next several years.

We take our **Members' Economic Participation** very seriously as we watch out for your interests. Unlike investor-owned utilities, Shelby Energy Cooperative does not create profits for investors and shareholders. Any excess dollars or margins are either reinvested in the co-op or returned to our members in the form of a capital credit refund.

We provide energy audits, rebates, and energy-efficiency tools to

encourage you to actually use less electricity, which keeps costs lower for all members.

STAYING SAFE AND STAYING INFORMED

Since delivery of electricity is a complex process, Shelby Energy places a high value on providing **Education, Training, and Information**. Working with the Kentucky Association of Electric Cooperatives' Safety & Loss

Below: Perhaps the most important cooperative principle we follow at Shelby Energy is Concern for Community. We give back to our community in various ways like sponsoring community events such as Simpsonville's Red, White and Boom and the Trimble County Apple Festival. Below, Tyler Workman and Johnna Dewitt pack bags for the local Backpack Program. Photo: Barbie Goodwin

Control ensure you have a say in how Shelby Energy does business.

Elected by you, our board of directors sets policy and hires a co-op president/CEO, who in turn hires professionals to carry out our mission.

Shelby Energy exerts its **Autonomy and Independence** in crafting strategy and hiring decisions.

We employ experts in the fields of engineering and operations, information technology, finance, communications, member services, and community and economic development. Some of the best, brightest, most creative, and dedicated people have chosen careers that serve their communities working at Shelby Energy.



Prevention team, we are proud of our safety record. In 2015, Shelby Energy had ZERO lost-time accidents and worked a total of 83,159 hours.

Timely and important information about your electric cooperative and member benefits can be found on shelbyenergy.com, in *Kentucky Living* magazine, and look for us on Facebook and Twitter.

YOUR COMMUNITY IS OUR COMMUNITY

Your cooperative employees are your neighbors. Because of our **Concern for Community**, we support and participate in many area causes and events. Shelby Energy Cooperative is part of your community, and we will continue to participate in events and activities that help us all. You'll see co-op employees volunteering for

local community groups, conducting school safety programs, and sponsoring local events.

Each day, Shelby Energy remembers who owns our co-op—you do. Thank you for your trust as we remain guided by **The Seven Cooperative Principles** in each of our decisions to protect and improve the quality of life for our community.

Cooperatives operate according to the same core principles and values. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England, in 1844.

VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

MEMBERS' ECONOMIC PARTICIPATION

Members contribute equally to, and democratically control, the capital of the

cooperative benefiting members in proportion to the business they conduct with the cooperative rather than on the capital invested.

AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by members and maintains the cooperative's autonomy.

EDUCATION, TRAINING, AND INFORMATION

Cooperatives provide education and training for members, elected representatives, managers, and employees so they can

contribute effectively to the development of their co-op.

COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

CONCERN FOR COMMUNITY

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

7 COOPERATIVE PRINCIPLES



*Ashley Chilton
Chairman*



*Randy Stevens
Vice Chairman*



*Roger G. Taylor
Secretary-Treasurer*



R. Wayne Stratton



Diana Arnold



Pat Hargadon



*Debbie Martin
President/CEO*



*Donald Prather
Attorney*

OFFICIAL BUSINESS MEETING AGENDA

ANNUAL MEETING OF MEMBERS

SHELBY ENERGY COOPERATIVE

Where: Henry County High School

When: Thursday, June 23

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 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 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

 **Shelby Energy Cooperative**

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ACCOUNTS BILLED

2015..... 15,854

Average Kilowatt-hour Use

(Residential per month)

2015..... 1,259

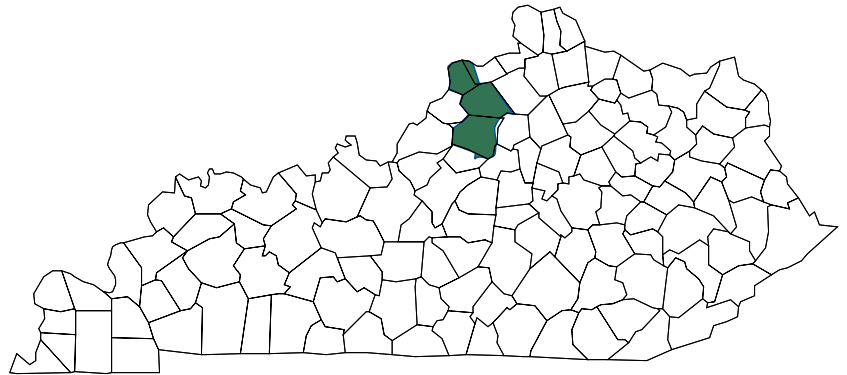
Miles of Line

2015..... 2,125.9

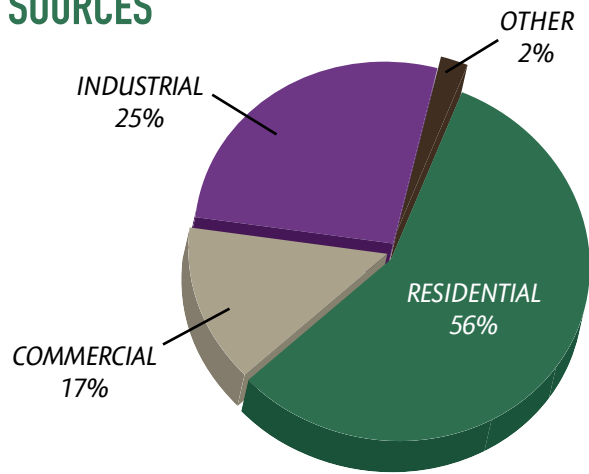
Consumers Per Mile

2015..... 7.4

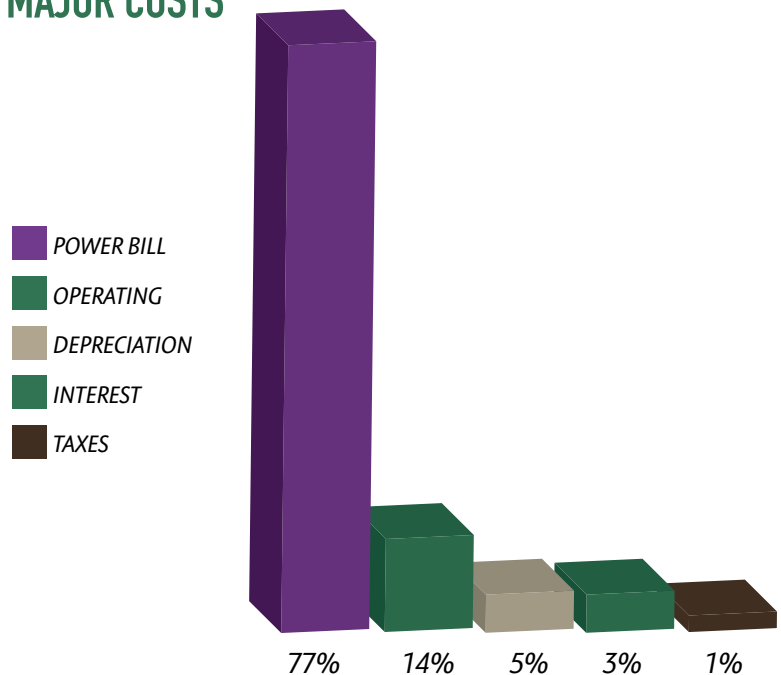
SERVICE AREA



REVENUE SOURCES



MAJOR COSTS



STATEMENT OF OPERATIONS

For the Year Ending December 31, 2015

Operating Revenue.....	\$43,507,714
Operating Expense	
Purchased Power	\$33,144,801
Operating System	\$5,163,410
Depreciation.....	\$2,474,514
Taxes.....	\$894,107
Interest on Loans.....	\$1,570,256
Other Deductions	\$32,895
Total Cost of Electric Service.....	\$43,279,983
Operating Margins.....	\$227,731
Non-Operating Margins.....	\$35,910
G & T Capital Credits	\$1,972,964
Other Capital Credits	\$103,762
Patronage Capital and Margins.....	\$2,340,367

BALANCE SHEET

For the Year Ending December 31, 2015

ASSETS

Total Utility Plant	\$87,093,838
Less Depreciation	\$18,092,639
Net Utility Plant.....	\$69,001,199
Investment in Assoc. Organization.....	\$23,460,999
Cash.....	\$3,535,475
Notes Receivable.....	\$0
Accounts Receivable	\$3,210,339
Inventory.....	\$503,125
Expenses Paid in Advance	\$198,744
Deferred Debits and Other Assets	\$7,212
Total Assets	\$99,917,093

LIABILITIES

Consumer Deposits	\$1,543,140
Membership and Other Equities	\$40,482,423
Long-Term Debt	\$51,861,366
Notes and Accounts Payable	\$3,246,643
Non-Current Liabilities.....	\$1,984,457
Other Current Liabilities	\$799,064
Total Liabilities.....	\$99,917,093



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2016 ANNUAL MEETING

Thursday, June 23



Food & Giveaways

Henry County High School
New Castle, KY

Registration: 4:30 p.m.

Business Meeting: 6:30 p.m.

Featuring
Relic



FREE Energy-saving
light bulbs for members
who attend!



Caricaturist:
Denny Whalen



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