

Connecting with our community

2016 Annual Report



8  **TH ANNIVERSARY**
Shelby Energy Cooperative
A Touchstone Energy[®] Cooperative 



Looking back at 2016, it's easy to recognize the tremendous changes we witnessed as a nation and as a commonwealth, even some changes in our own community.

As fortunes were rising and falling in politics and other news events, one thing that didn't change was Shelby Energy Cooperative's commitment to you—our member—and to our community.

Reliability goes beyond knowing your lights will come on when you flip the switch.

For 80 years, since local farmers and citizens first formed Shelby Energy, we have been here to power our communities.

Electric cooperatives are driven by people, not profits, and improving the quality of life for our members is a priority.

As a member-owner of Shelby Energy, your co-op is locally owned and controlled for the benefit of all our members. Unlike investor-owned utilities, a cooperative's goal is not to make a profit, but to provide a reliable and affordable product. Any earnings in excess of operating expenses is returned to members through capital credits. Your membership matters because you have a voice—you can attend annual meetings, offer suggestions, and vote for a board of directors that is charged with running your co-op.

This annual report focuses on how Shelby Energy connects with our communities in a variety of ways beyond providing safe, reliable, and affordable electric service to you, our member-owner.



GROWING ECONOMIC DEVELOPMENT

One way we are a true community partner is our commitment to support and grow the communities we serve, encouraging development to improve our members' quality of life. That means being proactive and working with other economic development entities to attract jobs and industry.

The owner-member electric cooperatives of East Kentucky Power Cooperative, our power supplier, recently developed PowerVision. This innovative program uses the latest drone technologies to provide an aerial showcase of available commercial and industrial tracts across areas served by Kentucky's Touchstone Energy Cooperatives.

Shelby Energy is fortunate to be in an area that is developing quickly. In 2016, we had many new businesses begin service with us, such as Diageo Distillery, Tractor Supply, Windhurst Farm Retail Development and apartment complex, as well as three restaurants and two new subdivisions.

SAFETY FIRST

Safety is top priority at Shelby Energy, for co-op employees, the members we serve, and the public. To paraphrase a quote, "electricity is a useful servant but a terrible master." Each day our service to you begins with respect for this idea and keeping safety in mind. We believe a safe community is a prosperous community.

Shelby Energy works with a number of partners to cultivate a culture of safety. We speak with students, first responders and other emergency management professionals, and, in partnership with the Kentucky Association of Electric Cooperatives, present electric safety demonstrations at community events. Shelby Energy's line technicians and employees continually receive training and participate in safety awareness programs.

Cover: Shelby Energy line technician Michael Nethery, with children Madeline and Paul Michael, connects with member-owners every day working in our service areas making sure safe, affordable, and reliable electricity gets to you. Photo: Tim Webb

Left: Shelby Energy is one of several electric co-ops that participate in Kentucky Touchstone Energy Cooperatives' Honor Flight that takes military veterans to Washington, D.C. Billy Chandler was honored last year and is greeted by some patriotic volunteers in Washington, D.C. Photo: Tim Webb

Below: Shelby Energy employees participated in a safety slogan selection of "Safety begins and ends with you!" that has been incorporated into the safety awareness culture at the electric cooperative. Photo: Candi Waford





One of Shelby Energy's community programs where employees volunteer their time is packing bags for the different counties' backpack projects. Pictured here from back to front are Barbie Goodwin, Laurie Gutermuth, and Candi Waford packing bags for various schools in Shelby County. Photo: Christy Meredith

We also work diligently to deliver the safety message through our monthly safety column in *Kentucky Living* magazine.

In 2016, Shelby Energy conducted a safety slogan selection among employees. Submissions were narrowed down to two entries and voted on. The winning entry, Safety begins and ends with you, was submitted by Jean McCloughlin, our general accountant.

POWERFUL INNOVATIONS

As technology gets more sophisticated, so does Shelby Energy, raising the standards for reliable electricity. Delivering the energy you need in your homes and businesses involves a complex process. State-of-the-art equipment helps make that process a little more clear.

Technology has also helped Shelby Energy serve you more efficiently. From online payments to checking your energy use, you are afforded the most up-to-the-minute information. In our fast-paced world, technology now even offers members a way to pay as you go with our prepay service option.

Another technological advancement available for our members is the Outage Map at ShelbyEnergy.com. Mem-

bers have the opportunity to view outage data for their area and across the distribution system.

WAYS WE CONNECT

Of the seven core cooperative principles Shelby Energy endorses, we could argue one of the most important is Concern for Community.

You see your cooperative's name on the uniforms of local youth sports teams, as a sponsor of community events, and with co-op employees volunteering their time for local charities.

Shelby Energy participates in the backpack project programs in three of its counties, and attends school career fairs. Our employees volunteer in the Kentucky Special Olympics and Kentucky Touchstone Energy Cooperatives' Honor Flight program.

Shelby Energy Cooperative is proud to call this community home, and we know our commitment to "Connect with Our Community" is something you expect, just as much as the light that follows when you flip a switch in your home.

agenda



*Ashley Chilton
Chairman*



*Roger G. Taylor Jr.
Secretary-Treasurer*

OFFICIAL BUSINESS MEETING AGENDA ANNUAL MEETING OF MEMBERS SHELBY ENERGY COOPERATIVE

Where: Henry County High School,
New Castle, KY

When: Thursday, June 22, 2017

Registration: 4:30 p.m.

Business Meeting: 6:30 p.m.



*Diana Arnold
Director*



*Pat Hargadon
Director*

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 if an election year
6. Unfinished business
7. New business (or other business if properly raised)
8. Adjournment



*R. Wayne Stratton
Director*



*Debra J. Martin
President & CEO*



*Donald T. Prather
Attorney*

2016 Shelby Energy

MEMBERS SERVED

(as of December 31, 2016)

ANDERSON.....	11
CARROLL	644
FRANKLIN.....	5
HENRY	3,162
JEFFERSON.....	5
OLDHAM	81
OWEN	81
SHELBY	5,882
SPENCER.....	58
TRIMBLE	2,578
Total.....	12,507

ACCOUNTS BILLED

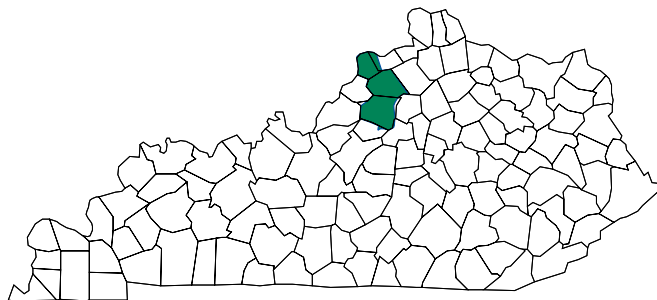
2016 15,991

Average Kilowatt-hour Use
(Residential per month)
2016 1,270

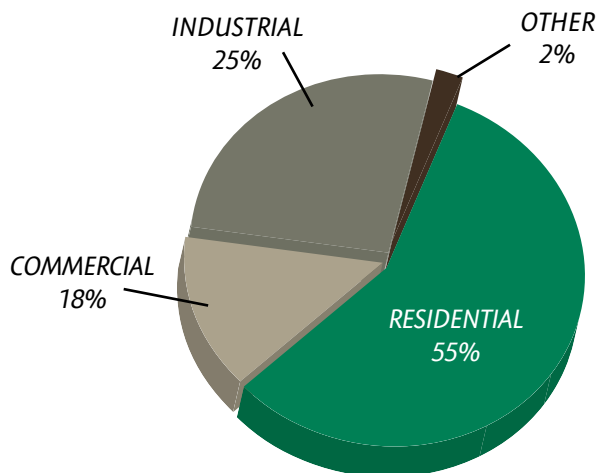
Miles of Line
2016 2,128

Consumers Per Mile
2016 7.5

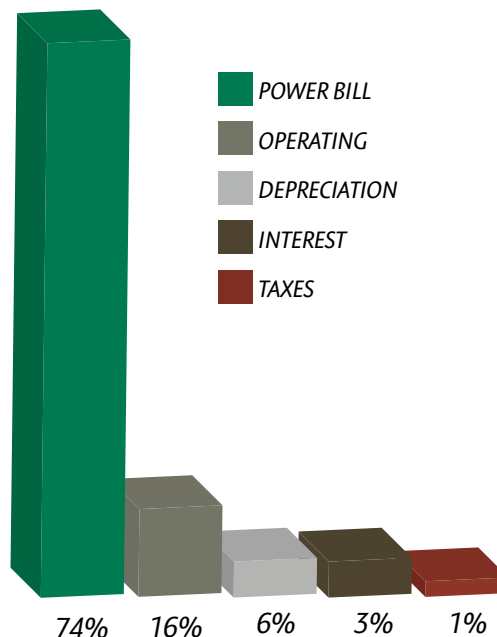
SERVICE AREA



REVENUE SOURCES



MAJOR COSTS



STATEMENT OF OPERATIONS

For the Year Ending December 31, 2016

Operating Revenue.....	\$44,666,885
Operating Expense	
Purchased Power.....	\$33,721,739
Operating System.....	\$6,533,592
Depreciation.....	\$2,729,386
Taxes.....	\$899,080
Interest on Loans.....	\$1,508,329
Other Deductions.....	\$18,528
Total Cost of Electric Service.....	\$45,410,654
Operating Margins.....	\$(743,769)
Non-Operating Margins.....	\$38,060
G & T Capital Credits.....	\$2,132,164
Other Capital Credits.....	\$123,633
Patronage Capital and Margins.....	\$1,555,088

BALANCE SHEET

For the Year Ending December 31, 2016

ASSETS

Total Utility Plant.....	\$90,875,520
Less Depreciation.....	\$17,163,110
Net Utility Plant.....	\$73,712,410
Investment in Assoc.	
Organization.....	\$25,496,028
Cash.....	\$1,551,427
Accounts Receivable.....	\$4,141,947
Inventory.....	\$669,486
Expenses Paid in Advance.....	\$183,603
Deferred Debits	
and Other Assets.....	\$7,278
Total Assets.....	\$105,762,179

LIABILITIES

Consumer Deposits.....	\$1,529,886
Membership & Other Equities.....	\$41,660,397
Long-Term Debt.....	\$54,066,938
Notes and Accounts Payable.....	\$5,751,224
Noncurrent Liabilities.....	\$1,997,479
Other Current Liabilities.....	\$756,255
Total Liabilities.....	\$105,762,179



TOUCHSTONE ENERGY

OFFICIAL NOTICE

2017 ANNUAL MEETING

THURSDAY, JUNE 22

Henry County
High School
New Castle, KY

Registration: 4:30 p.m.

Business Meeting: 6:30 p.m.



Featuring
**Piano Doctor
& Company**


- Conservation Clubhouse
- Safety Demonstration
- Solar Info
- Giveaways
- Free Food



FREE LED light bulbs for members who attend!

Caricaturist
Denny Whalen



8TH  **ANNIVERSARY**
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