



Shelby Energy Cooperative

A Touchstone Energy® Cooperative 

2017
ANNUAL REPORT



If you were asked, “Where do you belong?” how would you answer?

Perhaps you would think of how you belong to a faith community, your family or a local civic organization. Do you belong to a bowling league, a quilting club or an exercise group? Maybe you feel a sense of belonging with fellow fans of a sports team.

The idea of “belonging” to a group that sends you an electric bill might seem unusual. At Shelby Energy, our member-owners are the reason we exist. For 81 years, our mission has been to improve your quality of life.

We hope you review this report’s financial numbers; but unlike corporations whose strengths are measured by merely the bottom line, Shelby Energy knows that our members are our greatest asset.

WE ARE MEMBER STRONG

We look to members like J.W. Sachleben of Bedford, 77, and Kendall Law, Shelbyville, 28, pictured on the cover of this report. They are testament to the power of membership across generations. Kendall became

a member in 2014, and J.W. became a Shelby Energy member 47 years earlier, in 1967.

J.W. says, “When we built our first house in 1968, someone from the co-op talked us into putting in an electric furnace. We had the first totally electric home in Trimble County.”

J.W. and Kendall are two of the more than 12,640 members of Shelby Energy Cooperative, part of a strong network of 1.5 million Kentuckians and 42 million Americans who belong to electric cooperatives. Co-ops work together to protect your interests, provide you at-cost energy and advocate for our communities.

Kendall, who moved to Shelbyville in 2014 from out of state, was not familiar with electric co-ops. “Nationally there’s a big movement to consolidate, to be big. My experience with larger companies has been ... a lack of care and concern for the customer.”

Kendall says it’s nice to be part of a smaller company like Shelby Energy, which provides, “More accountability, more responsiveness.”



Cover: J.W. Sachleben of Bedford, 77, and Kendall Law, Shelbyville, 28, represent a diverse group of Shelby Energy's 12,640-plus members.

Left: Shelby Energy staff, seated from left, Sergio Cole, Manager of Accounting & Payroll, Debra J. Martin, President & CEO, and Randy Stevens, SVP of Power Delivery Services. standing from left, Jason Ginn, Manager of Operations, Jared Routh, SVP of Finance & Cooperative Services, Mary Federle, Manager of Billing & Customer Service, and Laurie Gutermuth, Executive Assistant

Below: Members can lease solar panels from Cooperative Solar, without the hassle, maintenance and expense of owning their own panels. Cooperative Solar Farm One is a 60-acre solar array serving Shelby Energy's members and Kentucky's Touchstone Energy Cooperatives. Photos: Tim Webb



Our board of directors is elected by you and is accountable to you. Every member is equally important and each member has one vote.

WHEN YOU THINK MEMBER STRONG, THINK OF WHERE YOU BELONG

J.W. is an active member of the Union Grove Church since 1966, serving as a deacon and a Sunday School superintendent. He retired from the Trimble County School system, where he was a high school math teacher, principal of Milton Elementary, and superintendent of Trimble County Schools.

A farmer for 60 years, J.W. says, “I’m a member of the American Quarter Horse Association, and I raise colts and we race horses.”

Last year Kendall co-founded the Shelby County Young Professionals Association “to bring together a younger generation for community involvement and to encourage younger folks to step forward and run for public office.” Kendall is also the president of his homeowner’s association and a member of Shelby Christian Church. Mostly, he loves being a dad. “It gives you a whole different purpose and priority in life.”

J.W. says, “Shelby Energy has been great for the area, from the beginning until now. Being a member of Shelby Energy helps to build a better community. Electric is what helped tie us all together.”

WE ARE CO-OP STRONG

Members empower Shelby Energy to make necessary and strategic investments in infrastructure and people so that we can continue to fulfill the promises made when we were founded 81 years ago. That means investing in innovation, maintenance and safety. More than ever before, safe and reliable electricity is essential to energizing our lives and keeping our communities connected.

The value of Shelby Energy can be found in our commitment to deliver energy to you on the hottest days, the coldest nights, and every day in between.

Members are paying increased attention to how our energy is generated. While some prioritize the reliability of coal and natural gas, others want access to renewable energy sources, such as solar power.

With Cooperative Solar, members of Shelby Energy have unprecedented options for affordable solar power. You can lease solar panels at Cooperative Solar Farm One, a 60-acre solar array built for 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 thanks you for your trust, support and membership. Our members provide stability and a sense of local ownership. You are more than customers, you are member-owners. Together, we are Member Strong.



JMB Biological Services, LLC provided a live reptile show for our members and their families at the 2017 Annual Meeting.



Ashley Chilton
Chairman



Pat Hargadon
Vice Chairman



Roger G. Taylor Jr.
Secretary-Treasurer



Diana Arnold
Director



R. Wayne Stratton
Director



Jeff Joyce
Director



Debra J. Martin
President & CEO



Alan Zaring
Attorney

ANNUAL MEETING OF MEMBERS SHELBY ENERGY COOPERATIVE

Where: Henry County High School

When: June 21, 2018

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



2018
OFFICIAL BUSINESS MEETING
AGENDA

2017

SHELBY ENERGY COOPERATIVE

ACTIVE ACCOUNTS

(as of December 31, 2017)

Shelby County	5,955
Henry County.....	3,181
Trimble County.....	2,614
Carroll County.....	651
Jefferson County.....	5
Spencer County.....	70
Anderson County	11
Franklin County.....	5
Owen County.....	78
Oldham County.....	87
Total.....	12,657

ACCOUNTS BILLED

2017.....	16,266
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AVERAGE KWH USAGE

(residential per month)

2017.....	1,822
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MILES OF LINE

2017.....	2,139
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CONSUMERS PER MILE

2017.....	7.60
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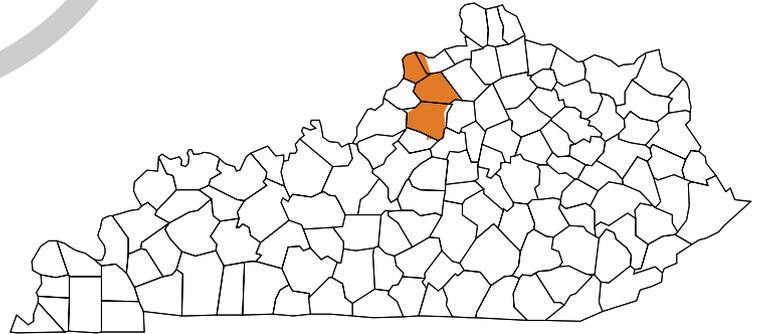
FOR INFORMATION AND INQUIRIES

620 Old Finchville Road
Shelbyville, KY 40065

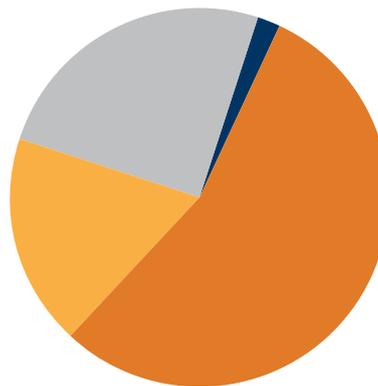
(800) 292-6585 or (502) 633-4420

www.shelbyenergy.com

SERVICE AREA



REVENUE SOURCES

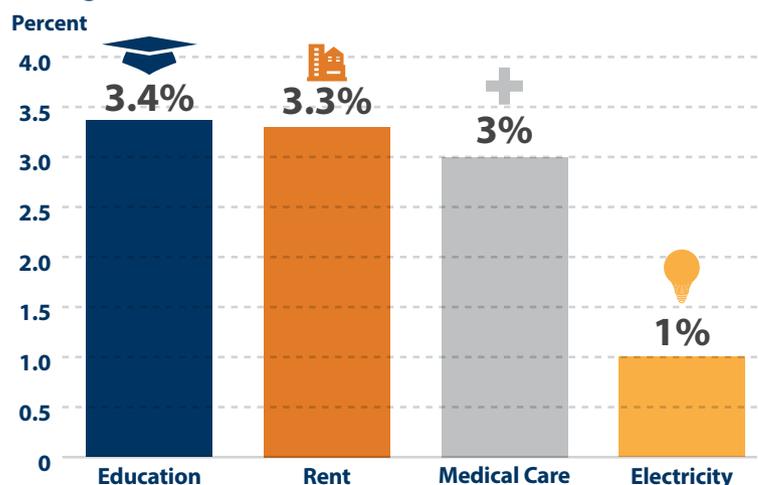


- 55.1% RESIDENTIAL
- 18.0% COMMERCIAL
- 25.1% INDUSTRIAL
- 1.8% OTHER

ELECTRICITY REMAINS A GOOD VALUE

The cost of powering your home rises at a slower pace than many of your typical expenses. Compare the average price increase of these expenses each year over the last five years, and the value of electricity shines.

Average Annual Price Increase 2011-2016



Sources: U.S. Bureau of Labor Statistics Consumer Price Index



STATEMENT OF OPERATIONS

As of December 31, 2017

Operating Revenue..... \$43,993,485

OPERATING EXPENSE

Purchased Power..... \$32,429,954
 Operating System \$6,145,492
 Depreciation \$2,958,561
 Taxes..... \$983,280
 Interest on Loans..... \$1,772,736
 Other Deductions..... \$66,400
 Total Cost of Electric Service \$44,356,423

Operating Margins..... (\$362,938)
 Non-Operating Margins..... \$85,047
 G & T Capital Credits..... \$1,114,070
 Other Capital Credits..... \$124,162
 Patronage Capital and Margins..... \$960,341

BALANCE SHEET

As of December 31, 2017

ASSETS

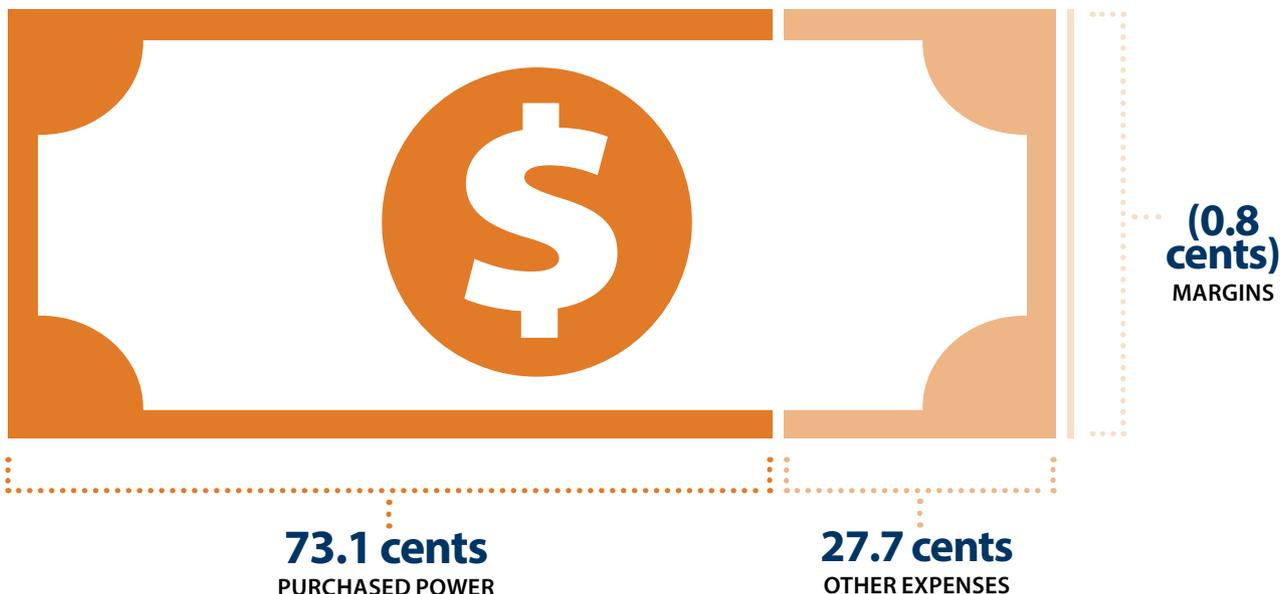
Total Utility Plant \$93,513,669
 Less Depreciation \$17,683,024
 Net Utility Plant..... \$75,830,645

Investment in
 Associate Organization \$26,697,957
 Cash..... \$1,683,273
 Notes Receivable \$0
 Accounts Receivable \$4,905,862
 Inventory \$700,615
 Expenses Paid in Advance..... \$222,089
 Deferred Debits and Other Assets..... \$7,052
 Total Assets \$110,047,493

LIABILITIES

Consumer Deposits \$1,541,470
 Membership and Other Equities \$42,818,315
 Long-Term Debt..... \$56,632,642
 Notes and Accounts Payable..... \$6,473,335
 Noncurrent Liabilities \$1,466,991
 Other Current Liabilities..... \$1,114,740
 Total Liabilities..... \$110,047,493

HOW EACH DOLLAR IS USED



OFFICIAL NOTICE
2018 ANNUAL MEETING
THURSDAY, JUNE 21



**Henry County
High School**
New Castle, KY

Registration: 4:30 p.m.
Business Meeting: 6:30 p.m.



CARICATURIST
DENNY WHALEN

FEATURING
PIANO DOCTOR & COMPANY



FREE
LED lightbulbs
for members
who attend!

- Giveaways
- FREE food
- Electric car display
- Cooperative Solar



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