



RESILIENT
RELIABLE
RESPONSIVE

ANNUAL 2019 REPORT



Shelby Energy Cooperative

A Touchstone Energy® Cooperative 



RELIABLE

The Three R's in education are "reading, 'riting and 'rithmetic."

Promoters of sustainability preach the Three R's of "reduce, reuse and recycle."

And here at Shelby Energy Cooperative, we have our own Three R's: "reliable, resilient and responsive."

Over the next three years, you will hear a lot more about how these words resonate with the people who serve you at Shelby Energy.

In 2020, we are focusing on the first of those three R's: reliable.

In electricity terms, the concept of reliability is pretty straightforward. Your electricity is on almost all the time and it's been getting better every year. For most people, the total amount of time without power (an outage) is less than two hours a year—that means their electricity is on 99.977169% of the time.

At Shelby Energy Cooperative, reliability is no accident. It takes attention, dedication and a variety of measures to maintain reliable electric service:

► By replacing outdated mechanical electric meters with automated meters, Shelby Energy not only measures how much electricity you use, but we can monitor any disruption and the voltage quality of that electricity. With automated meters, Shelby Energy can respond more quickly to outages.

► To spot and solve outages faster, Shelby Energy has invested in high-tech monitoring systems. These SCADA (Supervisory Control and Data Acquisition) systems use several computer monitors in a control room, each showing a different view of Shelby Energy Cooperative's service area, including weather maps and detailed schematics of

each power line, substation and home or business served.

► A portion of your Shelby Energy bill goes toward regular inspection, maintenance and replacement of the power grid infrastructure, such as poles, wires and transformers. By staying ahead of aging infrastructure, we can prevent some power outages.

► Our right-of-way crews, including contract crews from Wright Tree Service, are reliability champions. Trees are one of the major causes of power outages in areas with overhead utility lines. When trees contact live wires they may become conductors of electricity and cause power outages or create dangerous situations for anyone coming in contact with them. That's why it is so important for our crews to maintain right-of-way near overhead lines.

Being reliable doesn't just mean working to keep the lights on. At Shelby Energy Cooperative, being reliable also means working every day to earn your trust, so that you have confidence that the people who work at the co-op and the people who serve on our board are dependable and responsible stewards of this tremendous community asset.

We take pride in a workforce that is not only reliable in its unique skills and constant training to safely operate our electrical system, but also reliable in its commitment to their fellow neighbors who are served by Shelby Energy.

Shelby Energy Cooperative was built by, belongs to and is led by people in the communities we serve—over 13,000 members across 10 counties.

Shelby Energy is led by an elected board of six community leaders that provides guidance and oversight to ensure that the needs of the co-op membership are represented in all

■ Top cover photo, Shelby Energy's key staff includes, from back left, Jared Routh, Zach Mischler, Sergio Cole and Randy Stevens; from front left, Carolyn Cutshaw, Jack Bragg Jr., Nanette McCarty and Jason Ginn. Cover photos: Tim Webb

■ Opposite top, Shelby Energy's highly skilled line technicians serve and maintain 2,158 miles of line across 10 Kentucky counties. Photo: Tim Webb

■ Opposite bottom, Shelby Energy excels in customer service, scoring an 88 in the 2019 American Customer Satisfaction Index, thanks to employees like Billing and Customer Service Specialist Michaela Green and Manager of Billing and Customer Service Nanette McCarty. Photo: Wade Harris

TIM WEBB



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decisions. Board members have a fiduciary duty that requires them to attend monthly board meetings and participate in regular education and training on industry trends and developments.

As a local cooperative, our loyalty to our hometown operation means that we make decisions with local concerns in mind, not those of out-of-town shareholders.

The reliability of Shelby Energy Cooperative is also the result of strategic and trusted partnerships.

Shelby Energy is an owner of East Kentucky Power Cooperative (EKPC), a not-for-profit, member-owned cooperative 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 over 2,800

miles of high-voltage transmission lines. This partnership helps Shelby Energy Cooperative keep rates low, attract business, create jobs and advocate for our local communities.

In partnership with *Kentucky Living* magazine and the Kentucky governor's office, Shelby Energy is proud to support the Beautify the Bluegrass initiative. Last year, Shelby Energy partnered with local officials in Bedford to spruce up the flower beds around the courthouse and paint the pavilion at the fairgrounds in preparation for the Trimble County Fair.

Being reliable means people can count on you to do what you say you will do. It means being trustworthy and dependable. At Shelby Energy Cooperative, we know that reliability is a goal that must be constantly earned.

Thank you for your trust and support as we work to deliver safe, affordable and reliable electricity.

■ The era of electric vehicles is our future and electric co-ops are leading the way with our ChargeChangeKY cars to educate members. Read the latest on electric vehicles and find useful fact sheets at KentuckyLiving.com when you search "electric vehicles." Above, SVP Finance and Cooperative Services Jared Routh and SVP Power Delivery Services Randy Stevens at the Bulleit Distillery in Shelbyville during the EV Road Trip. Photo: Melanie Crossfield

■ Shelby Energy and Kentucky's Touchstone Energy Cooperatives are proud partners of Special Olympics Kentucky and support its athletes and events across the state, such as Billing and Customer Service Specialists Barbie Goodwin, left, and Evelyn Lancaster. Photo: Tim Webb





Jack Bragg Jr.
President & 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

ANNUAL MEETING OF MEMBERS OF SHELBY ENERGY COOPERATIVE, INC.

Where: Henry County High School, 1120 Eminence Rd, New Castle

When: Thursday, June 25, 2020

Drive-thru Registration: 9 a.m.–2 p.m.

Virtual Business Meeting: 2:15 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.

CHANGES TO SHELBY ENERGY'S 2020 ANNUAL MEETING

Registration will be offered in a drive-thru fashion. Members will register, be entered to win prizes and receive their free gift from 9 a.m.–2 p.m. in the Henry County High School parking lot. Only members that register in-person, not by proxy, during this time will be eligible to win prizes. Prize winners will be announced and contacted on Friday, June 26.

Members can watch the livestreamed business meeting at 2:15 p.m. on www.facebook.com/shelbyenergycooperative, www.shelbyenergy.com or listen over the radio at 94.1 FM or 1600 AM. Dial-in to listen: (312) 626-6799, Passcode 437427



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2019

SHELBY ENERGY

MEMBERS SERVED

As of December 31, 2019

Shelby County.....	6,326
Henry County.....	3,199
Trimble County.....	2,605
Carroll County.....	651
Spencer County.....	108
Oldham County.....	90
Owen County.....	77
Anderson County.....	11
Franklin County.....	5
Jefferson County.....	1
TOTAL	13,073

ACCOUNTS BILLED

2019	16,752
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AVERAGE KWH USAGE

(residential per month)

2019	1,467
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MILES OF LINE

2019	2,158
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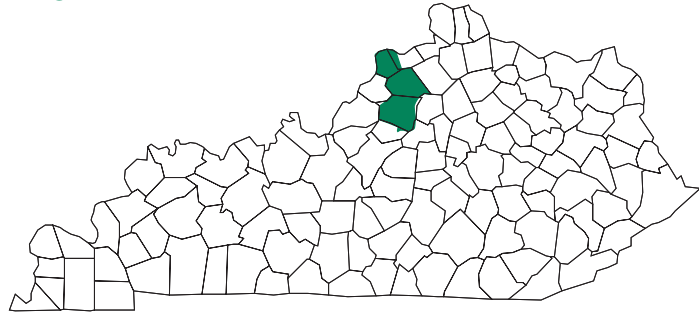
CONSUMERS PER MILE

2019	7.76
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FOR INFORMATION AND INQUIRIES

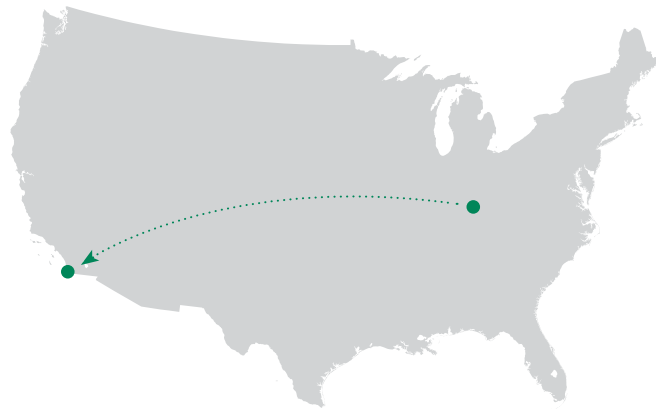
620 Old Finchville Road
 Shelbyville, KY 40065
 (800) 292-6585
www.shelbyenergy.com

SERVICE AREA

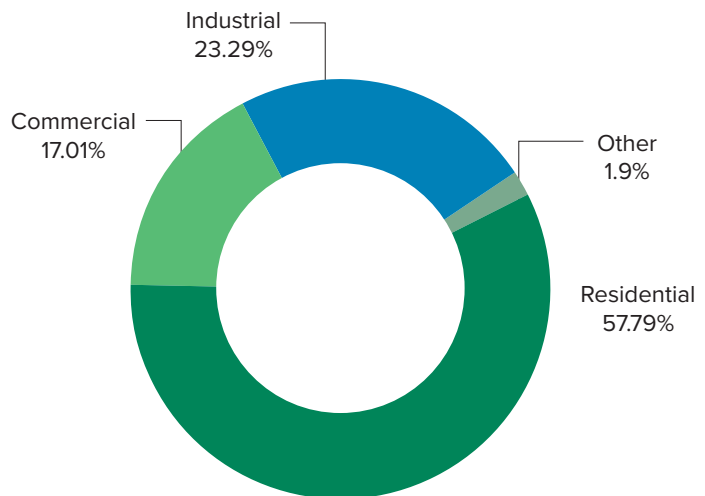


MAINTAINING LINE TO KEEP MEMBERS CONNECTED

Shelby Energy Cooperative maintains **2,158** miles of line in 10 counties in the cooperative territory. **That is roughly enough line to stretch from Shelbyville, Kentucky, to San Diego, California.**



REVENUE SOURCES



COOPERATIVE YEAR IN REVIEW

STATEMENT OF OPERATIONS

As of December 31, 2019

Operating Revenue\$46,117,909

OPERATING EXPENSE

Purchased Power\$33,130,833
 Operating System.....\$5,459,129
 Depreciation.....\$3,408,008
 Taxes.....\$1,054,499
 Interest on Loans\$2,135,613
 Other Deductions.....\$133,943
 Total Cost of Electric Service\$45,322,025

Operating Margins\$795,884

Non-Operating Margins\$320,811

G & T Capital Credits\$1,802,479

Other Capital Credits\$96,017

Patronage Capital and Margins.....\$3,015,191

BALANCE SHEET

As of December 31, 2019

ASSETS

Total Utility Plant.....\$100,417,640
 Less Depreciation\$20,307,643
 Net Utility Plant\$80,109,997
 Investments in Associate Organization.....\$30,929,420
 Cash.....\$1,307,415
 Accounts and Notes Receivable.....\$4,198,339
 Inventory.....\$601,750
 Prepaid Expenses\$233,106
 Deferred Debits and Other Assets\$7,053
 Total Assets.....\$117,387,080

LIABILITIES

Consumer Deposits\$1,610,915
 Membership and Other Equities\$48,369,964
 Long-Term Debt\$61,112,952
 Notes and Accounts Payable\$3,740,360
 Accumulated Oper. Provisions\$1,463,374
 Other Current Liabilities\$560,216
 Deferred Credits.....\$529,299
 Total Liabilities.....\$117,387,080

Statistics show the percentage of time that the average American has electricity at the flip of a switch is a steady **99.977%**. That's less than two hours without electricity a year.



2020

SHELBY ENERGY ANNUAL MEETING THURSDAY, JUNE 25

HENRY COUNTY HIGH SCHOOL
1120 Eminence Rd, New Castle, Kentucky

Drive-thru Registration 9 a.m.–2 p.m.

Virtual Business Meeting 2:15 p.m.

For important changes to the annual meeting, please see the agenda.



FREE Energy-saving lightbulb for members who attend!

Each registered member will receive a bucket and LED bulb and will be entered into drawings for door prizes. Only members that register in-person, not by proxy, during this time will be eligible to win prizes. Prize winners will be announced and contacted on Friday, June 26.

 **Shelby Energy Cooperative**

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