



RELIABLE
RESILIENT
RESPONSIVE

ANNUAL 2020 REPORT



Shelby Energy Cooperative

A Touchstone Energy® Cooperative 



RESILIENT

■ Cover, top, Shelby Energy's key staff includes, from left, Jason Ginn, Dustin Peach, Jared Routh, Jack Bragg Jr., Nanette McCarty, Randy Stevens, Mike Mason, and Dusty Phelps. Photo: Stephanie Petersen

■ Opposite top, Line Technicians preparing to head out to assist neighboring cooperatives during the ice storms of 2020. From left, Luke Makowski, Benji Bohannon, Richard Spoonamore, Chandler Ping, Matt Reide, Cooper Wafzig, Dallas Gibson, Michael Nethery and Jeff Lea. Photos: Melanie Crossfield

■ Opposite bottom, Billing and Customer Services Specialists celebrating customer service week, took a quick break to pose for a photo during a busy day of assisting our members. From left, Michaela Downing, Emma Redmon, Constance Lamb, Evelyn Lancaster, and Nanette McCarty.

Resilience is an important concept for Shelby Energy Cooperative. Though we are proud of, and committed to, a strong record of safe and reliable electric service for the 13,340 members in the 10 counties we serve, how we deal with adversity is what defines us. The dedication of our co-op team to respond in all kinds of conditions and all hours of the day and night is a hallmark of this resilient spirit.

This past year has been difficult for our nation, our state and the communities we serve.

The economic consequences of the pandemic and safety restrictions will be felt for a long time. From the beginning of this crisis, Shelby Energy has worked with those who are struggling and connected our members with resources to help.

In partnership with East Kentucky Power Cooperative, Shelby Energy bolsters local businesses and worked to attract new employers, like Diageo's Bulleit Distillery and the Outlet Shoppes of the Bluegrass. With some of the most competitive electric rates in the country, and our record of reliability and resilience, we have a great story to tell.

Though no one predicted the pandemic, a commitment to safety and resilience means that Shelby Energy Cooperative trains for any unforeseen circumstance. As a result, no electric service was compromised by the restrictions and illnesses that affected other aspects of our community. In coordination with our statewide association, Kentucky Electric Cooperatives, we have worked with state agencies and emergency management officials to ensure that co-op employees instrumental in maintaining the electrical grid are able to perform their duties despite health restrictions on public movement.

We know that the consumer-members who own Shelby Energy Cooperative are counting on us to do whatever it takes to power our communities, hospitals, businesses and farms. Our commitment to health and safety guides every decision we make.

Throughout the COVID-19 crisis, Shelby Energy has focused on keeping members and employees safe, while continuing to deliver reliable service by taking several precautions:

- Closed the lobby;
- Social distancing practices among employees;
- Adherence to state guidelines;
- Support of community COVID-19 efforts;
- Consistent messaging on social media, the co-op website and in *Kentucky Living*; and,
- Adjusted the annual meeting to accommodate safety restrictions.

As part of this commitment to safety, Shelby Energy's President and CEO Jack Bragg has joined the leaders of all 24 electric distribution co-ops in Kentucky pledging to meet several key safety goals. This statewide commitment prioritizes the elimination of employee electrical contacts, and the reduction of all incidents and their severity.

Shelby Energy Cooperative was built by, belongs to and is led by people in the communities we serve—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 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. This locally owned and operated model is key to our resilience because the Shelby Energy board makes decisions with local



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concerns in mind, not those of out-of-town shareholders.

EAST KENTUCKY POWER COOPERATIVES

Shelby Energy Cooperative 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 land-fill methane, and delivers it over 2,800 miles of high-voltage transmission lines. This partnership helps Shelby Energy maintain affordable rates, attract business, create jobs and advocate for our local communities.

As a member of Kentucky Electric Cooperatives, Shelby Energy pools resources with all electric co-ops in Kentucky to efficiently and effectively serve you. Membership in this statewide association helps us effectively communicate with you in *Kentucky Living* magazine, speak up for co-op interests in Frankfort and Washington, and coordinate critical

safety training and mutual aid response during major outages and disasters.

The resilience of Shelby Energy and the members who own the co-op go hand-in-hand. Our investments in our members and our communities include annually offering \$8,000 in scholarships, sponsor 3 high school juniors to visit Washington DC on the Washington Youth Tour, support local festivals, and provide opportunities to be involved with educational events and activities. Co-op employees and board members are active and reliable members of the community, volunteering and committed to improving the quality of life here.

The dictionary definition of resilient matches the culture of Shelby Energy, “able to recoil or spring back into shape after bending, stretching or being compressed.”

Like all of Kentucky and America, our communities have been through a lot over the last year. But the resilient spirit we share has allowed us to persevere and look forward to brighter days ahead, powered by Shelby Energy.

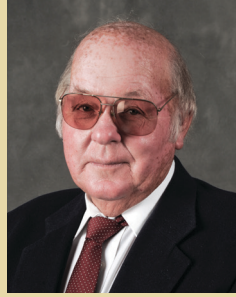
■ Above, Line Technicians quickly respond to a power outage due to a traffic incident. Stay away from powerlines and remain in your vehicle if it is safe to do so until you are cleared by a trained professional. Photo: Richard Spoonamore

■ Right, Line Technicians prepare to connect the new transformer being placed with the help of East Kentucky Power to re-energize one of our manufacturing facilities. Photo: Jason Ginn





Jack Bragg Jr.
President & CEO



Ashley Chilton
Chairman



Pat Hargadon
Vice Chairman



Roger G. Taylor Jr.
Secretary-Treasurer



Diana Arnold
Director



Jeff Joyce
Director



R. Wayne Stratton
Director



Alan Q. Zaring
Attorney

ANNUAL MEETING OF MEMBERS OF SHELBY ENERGY COOPERATIVE

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

When: Thursday, June 17, 2021

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

Virtual Business Meeting: 2:15 p.m.

Drive-Thru Registration: Members will register, be entered to win prizes and receive their free gifts from 9 a.m.–2 p.m. by drive-thru 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 18.

Virtual Business Meeting: Members can watch the livestreamed business meeting at 2:15 p.m. at www.facebook.com/shelbyenergycooperative, listen over the radio at 94.1 FM or 1600 AM, or dial-in to listen: (646) 558-8656, passcode: 629606. You can request a conference call link by emailing shelbyenergy@shelbyenergy.com

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 there-of, 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

AGENDA

2020

SHELBY ENERGY

ACTIVE ACCOUNTS

As of December 31, 2020

Shelby.....	6,449
Henry.....	3,248
Trimble.....	2,667
Carroll.....	666
Spencer.....	125
Anderson.....	11
Franklin.....	5
Owen.....	78
Oldham.....	91
TOTAL.....	13,340

ACCOUNTS BILLED

2020.....	17,038
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AVERAGE KWH USAGE

(residential per month)

2020.....	1,235
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MILES OF LINE

2020.....	2,167
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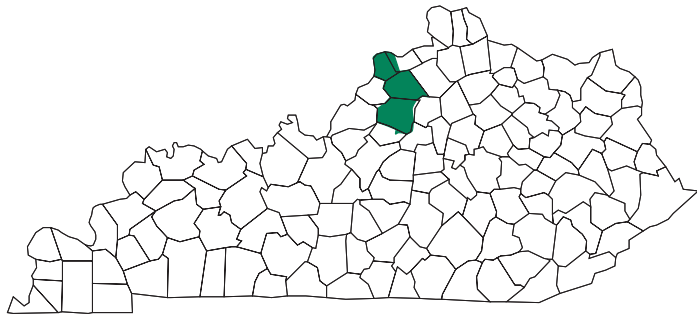
CONSUMERS PER MILE

2020.....	7.83
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FOR INFORMATION AND INQUIRIES

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

SERVICE AREA



How Americans Use Electricity

The latest data from the U.S. Energy Information Administration shows the combined use of clothes washers and dryers, computers, dishwashers, small appliances and other electrical equipment (noted as "other uses" below) accounts for nearly 40% of electricity consumption in American homes.



4.2%

TVs & related equipment



5.2%

lighting



7.4%

refrigerators & freezers



12.1%

water heating



15.8%

space cooling



16.3%

space heating



39%

all other uses

Source: EIA, Annual Energy Outlook 2020

¹Includes consumption for heat and operating furnace fans and boiler pumps. ²Includes miscellaneous appliances, clothes washers and dryers, computers and related equipment, stoves, dishwashers, heating elements, and motors.

COOPERATIVE YEAR IN REVIEW

STATEMENT OF OPERATIONS

As of December 31, 2020

Operating Revenue\$42,329,039

OPERATING EXPENSE

Purchased Power\$29,533,708
 Operating System.....\$5,569,644
 Depreciation.....\$3,578,004
 Taxes.....\$1,091,547
 Interest on Loans.....\$2,096,517
 Other Deductions.....\$56,017
 Total Cost of Electric Service.....\$41,925,437

Operating Margins\$403,602

Non-Operating Margins\$349,051

G & T Capital Credits\$1,171,818

Other Capital Credits\$100,315

Patronage Capital and Margins\$2,024,786

BALANCE SHEET

As of December 31, 2020

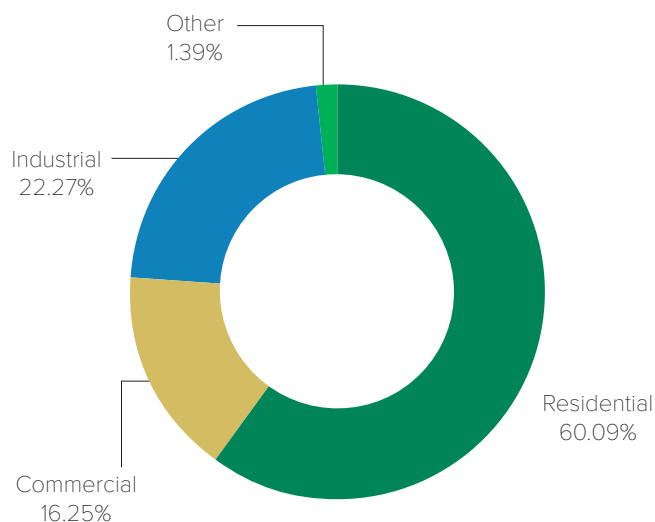
ASSETS

Total Utility Plant.....\$103,942,237
 Less Depreciation\$21,684,507
 Net Utility Plant\$82,257,730
 Investments in Associate Organization ...\$32,315,683
 Cash\$2,136,837
 Accounts and Notes Receivable.....\$4,509,357
 Inventory\$478,544
 Prepaid Expenses.....\$234,262
 Deferred Debits and Other Assets\$68,455
Total Assets \$122,000,868

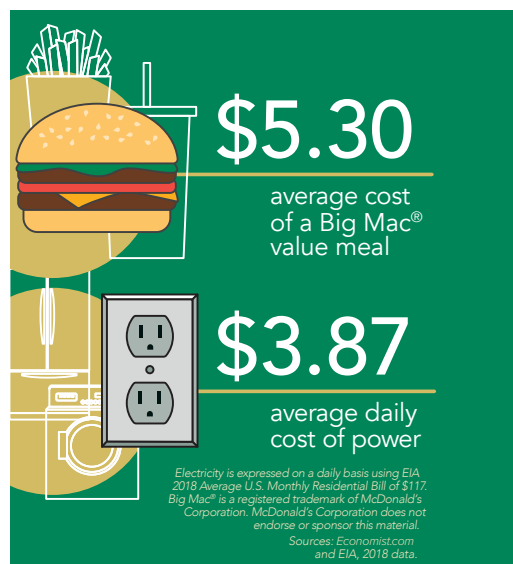
LIABILITIES

Consumer Deposits.....\$1,537,884
 Membership and Other Equities.....\$50,037,596
 Long-Term Debt.....\$64,501,192
 Notes and Accounts Payable\$3,381,771
 Accumulated Oper. Provisions\$1,451,357
 Other Current Liabilities\$577,688
 Deferred Credits\$513,380
Total Liabilities.....\$122,000,868

REVENUE SOURCES



THE VALUE OF ELECTRICITY



2021

SHELBY ENERGY COOPERATIVE ANNUAL MEETING

THURSDAY, JUNE 17, 2021

Where: Henry County High School, New Castle, KY

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

Virtual Business Meeting: 2:15 p.m.

Watch on Facebook or www.shelbyenergy.com

Listen at 94.1 FM or 1600 AM

Dial-in to listen: (646) 558-8656

Passcode: 629606

Email shelbyenergy@shelbyenergy.com
to request an online conference link.

Meeting ID: 989 0024 5168

**Register
for prizes and
free gifts!**



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