



**Shelby Electric
Cooperative**

Your Touchstone Energy® Cooperative 

BETTER TOGETHER
2023 ANNUAL MEETING

FRIDAY, JUNE 9, 2023 • 1:00 P.M. • SHELBY COUNTY 4-H FAIRGROUNDS • SHELBYVILLE, IL

Your neighbors serving as YOUR COOPERATIVE'S DIRECTORS



— District 1 —
Robert Holthaus
Stonington
Chairman



— District 2 —
Greg Mackling
Dalton City
Treasurer



— District 3 —
David Keown
Findlay
Secretary



— District 4 —
Larry Durbin
Shelbyville



— District 5 —
Brian Halbrook
Shelbyville



— District 6 —
Scott Ohmes
Pana



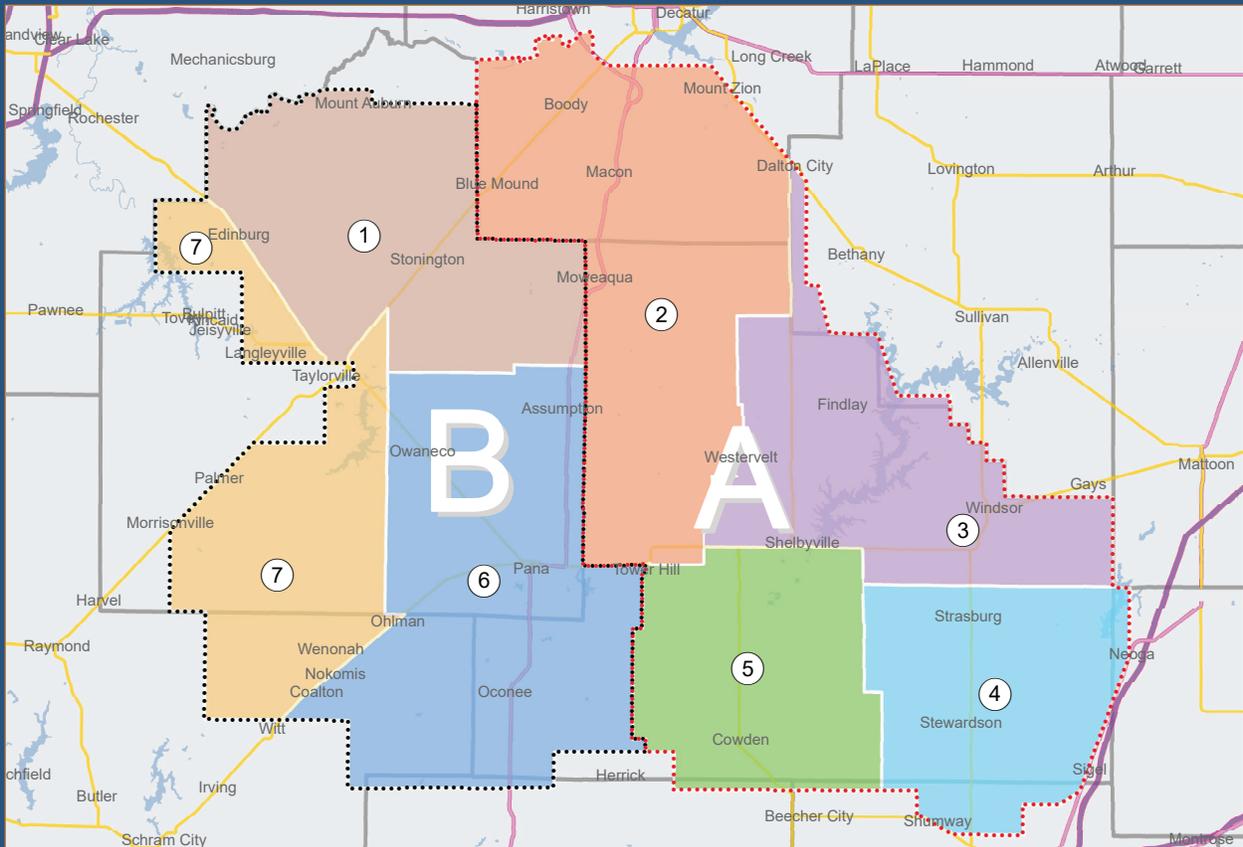
— District 7 —
Brent Lively
Taylorville
Vice Chairman



— At-Large A —
Rob Bullock
Shelbyville



— At-Large B —
John Gardner
Taylorville



The district area map above includes the two at-large districts:

At-Large A represents districts 2, 3, 4 and 5 • At-Large B represents districts 1, 6 and 7

AGENDA

National Anthem
 Call to Order Robert Holthaus, Chairman
 Invocation
 Legal Call of the 84th Annual Meeting David Keown, Secretary
 Report on Board of Directors Appointment of Committee on Credentials Robert Holthaus
 Introduction of Scholarship Winners Robert Holthaus
 Report of Committee on Credentials Regarding Active Class A Members
 Present to Establish a Quorum Committee Chairman
 Approval of Minutes of Previous (2022) Meeting Robert Holthaus
 Chairman’s Report Robert Holthaus
 Treasurer’s Report Greg Mackling, Treasurer
 Amendment to Bylaws Amy Jackson, Attorney
 Election of Directors Amy Jackson, Attorney
 President/CEO Report Josh Shallenberger, President/CEO
 Other Business
 Door Prize Drawing Josh Shallenberger

OFFICIAL MEETING NOTICE

The annual meeting of the members of Shelby Electric Cooperative will be held at the Shelby County 4-H Fairgrounds in Shelbyville, Illinois, at 1:00 p.m. on Friday, June 9, 2023, to take action upon the following matters:

1. Approval of Minutes of 2022 annual meeting;
2. Presentation of reports of officers;
3. The election of two (2) directors;
4. Consideration of proposed amendment to bylaws; and
5. All other business which may come before the meeting or any adjournment.

In connection with the election of one director each from District 4 and one director from District At-Large

B for a term of three years, the following members have been nominated by petition.

DISTRICT #	
4	Tim Lenz
5	No Candidate

AT-LARGE DISTRICT	
B	John Gardner

Additional nominations for director may not be made from the floor at this meeting.

Dated at Shelbyville, Illinois, this 19th day of May, 2023.

David Keown, Secretary

NOMINEES FOR DIRECTORS

Shelby Electric Cooperative
 June 9, 2023
 Shelbyville, Illinois

DISTRICT 4 **(Vote for one)**
 Tim Lenz, Strasburg (3-Year Term)

DISTRICT 5
 No Candidate (3-Year Term)

AT-LARGE B **(Vote for one)**
 John Gardner, Taylorville (3-Year Term)

CEO REPORT

BETTER TOGETHER

This last year has seen a lot of change at your Cooperative. Shelby Electric Cooperative was founded 85 years ago through a grass-roots effort to provide the modern work and conveniences of electricity to people in the rural areas. Having just a few households and farms in a section deterred those motivated purely by profit due to the high fixed costs to serve relatively few. So, those in the community that were determined that the rural areas not be left behind banded together to form member-owned cooperatives. In total, there are over 900 electric distribution cooperatives in existence across the United States today.

Those rural electric distribution grids have endured for almost a century largely as systems providing for a one-direction flow of electrons. Over the last several years, that basic premise is seeing a significant shift to becoming a more dynamic system – one that incorporates bi-directional flows from multiple generation sources which includes a recent step change in the interconnection to the grid of DER's, distributed energy resources. Being self-sufficient has its merits. When governmental policy provides generous financial incentives to install DER's, it can make sense to give these resources due consideration. However, sometimes the overall benefit is not as much economic as perhaps a way to diversify the domestic generation supply.

Shifting gears to rural broadband, namely best in class fiber optic broadband to the premise (FTTP). Most of you know that Shelby Electric Cooperative has been operating an internet service provider, PWR-net, since 2008, supporting the members in their need for high-speed internet through a fixed wireless solution. When deployed and later upgraded, the system has served as a good bridge to where we are today. However, demand from ever-increasing broadband applications to support remote work and learning, telemedicine and even bandwidth-intense gaming is quickly outstripping the abilities of point to multi-point fixed wireless equipment. Shelby Electric Cooperative has recognized this and in 2019 began looking for solutions. Since then, it has been actively engaged in capital programs to support deploying FTTP for its members.

As of March 2022, Shelby Electric Cooperative entered into an agreement with Macon County to build, operate and maintain a FTTP network to support members of Shelby Electric Cooperative having a home, farm or small business in Macon County. Construction is underway and fiber began being placed in late December 2022 to support this effort. Due to material delivery



constraints on key equipment, it is anticipated that new subscribers will start being connected in late 2023 or early 2024. Much more to come on this exciting grassroots partnership as we move toward member fiber connectivity.

Further, in late October 2022, it was announced by the US Department of Agriculture that Shelby Electric Cooperative's application to provide grant assistance to build out fiber to the members located across four substations in the southeast and southwest part of its service area had been

approved for funding. We are in the final stages of completing preliminary requirements to begin construction in this area as well. In total, between the two areas, over 3,650 homes, farms and small businesses will be passed with FTTP, enabling the best-in-class network to the members of Shelby Electric Cooperative. Further, another 3,900 passings have applications for assistance that have been submitted over the course of this past year.

The Cooperative is staffing up to support delivering data packets via fiber optic cable as opposed to the radio frequency transmission that PWR-net has been delivering on for almost 15 years. Shelby is not alone. Over 200 electric cooperatives across the nation are actively building fiber networks for their members. The critical element that enables electric cooperatives to satisfy this need for ubiquitous high-speed internet service in the rural areas is a high degree of organizational alignment. Members desire this access while the utility plant of the future will require real-time two-way communications to support a much more dynamic and interactive grid than the manual, one-way flow of electrons of the past.

Each of these topics, distributed energy resources and fiber-to-the-premise connectivity for members were top of mind at the Shelby Electric Cooperative strategic planning meeting held in December of 2022. These were among other items such as power supply, reliability, inflationary pressures, cyber security, supply chain, electric vehicles, communications, succession planning and rates. The Shelby Electric Cooperative board of directors along with key staff participated in this exercise that is done periodically by the Cooperative.

In closing, I'll note once again that our local employees are committed to serving you, the members of Shelby Electric Cooperative. Whether it is for your rural electric, propane, whole-house standby generator or high-speed internet service, you can count on us to deliver. You are the only reason we are here.

PROPOSED CHANGE TO BYLAWS
ARTICLE I

MEMBERSHIP

Section 10. Dispute Resolution

Any dispute, claim, or controversy between Shelby Electric Cooperative (SEC) and any of its Class A or Class B members, which arises out of or relates to the provision by SEC to the member of electric power, telecommunications, or any other services, shall first be addressed by SEC and the member through informal and good faith efforts.

Any dispute, claim, or controversy that is not resolved through informal, good faith efforts, with the exception of bill collections and eminent domain matters, shall first be submitted to non-binding mediation conducted by an impartial mediator agreed to by the parties. In the event the dispute, claim, or controversy is not resolved at mediation, then such shall be submitted to binding arbitration to be conducted in accordance with the Uniform Arbitration Act (710 ILCS 5/1, et seq.), by a panel of three (3) arbitrators and as otherwise specified by Cooperative Board Policy, duly adopted by the Cooperative's Board of Directors.

Every member of SEC, by becoming such, agrees to this Dispute Resolution provision and the related policies prescribed by the Board of Directors pursuant to this Bylaw, and further agrees that no member or inactive member shall participate in any class action or putative class action against SEC, either as a class representative or as a member of the class.

**EXPLANATION FOR SEC PROPOSED BYLAW AMENDMENT
REGARDING ALTERNATIVE DISPUTE RESOLUTION**

The Shelby Electric Cooperative Board of Directors proposes a "Dispute Resolution" provision for inclusion in the bylaws. The proposed amendment reflects a cooperative means by which a member and the Cooperative can more efficiently and cost-effectively resolve disputes that may arise between them. The Board of Directors recognizes that litigating disputes in court can be extremely time-consuming and costly. Because the costs associated with a lengthy litigated dispute would ultimately be borne by the members, the Board believes it is in the best interest of the members and the Cooperative to provide for a more efficient and less costly process. The process set forth in the proposed bylaw amendment calls for a three-step process that includes informal negotiation, non-binding mediation, and binding arbitration as a means by which the Cooperative and the member can work in a cooperative and constructive fashion to resolve disputes. Both the Cooperative and its members would be equally obligated to comply with any settlements, agreements, or awards entered as part of this process.



EIGHTY-THIRD ANNUAL MEETING OF SHELBY ELECTRIC COOPERATIVE

The Eighty-third Annual Meeting of the members of the Shelby Electric Cooperative was called to order by Chairman of the Board Robert Holthaus in the 4-H Auditorium at the Shelby County Fairgrounds, Shelbyville, Illinois, at 1:00 p.m., Friday, June 10, 2022. Following the playing of the National Anthem, the invocation was delivered by Luke Brown, Shelby Electric lineman.

Secretary David Keown then read to the members the Legal Call of the Eighty-third Annual Meeting of members which was as follows:

LEGAL CALL

DAVID KEOWN, Secretary of Shelby Electric Cooperative, hereby reports that, at my direction, on the 13th day of May, 2022, a notice of the annual meeting of members of the Cooperative to be held on June 10, 2022 was deposited by or on behalf of the Cooperative in the United States Mail, with postage prepaid, addressed to each active Class A member of the Cooperative at the address of said active Class A member as it appears in the records of the Cooperative.

Dated: June 10, 2022 (SIGNED) David Keown, Secretary

After the reading of the Legal Call, Chairman Holthaus introduced the Board of Directors. Chairman Holthaus also recognized Duane Noland, CEO of the Association of Illinois Electric Cooperatives, as well as Prairie Power employees Micah Bushnell and Crystal Riney.

Chairman Holthaus next introduced the winners of Shelby Electric Cooperative scholarships. Each year, Shelby Electric Cooperative awards three \$1,000 scholarships to high school seniors. Applicants must be sons or daughters of current members receiving electric service and must be furthering their education at a four- or two-year college or university, including vocational and technical schools, located in the United States. The recipients are selected based on academics, community involvement, character, and financial need. The following students were recognized in 2022 as \$1,000 scholarship recipients:

1. **Tucker Tippitt** (son of Carla and Brad Tippitt) of Taylorville;
2. **Alexis Kent** (daughter of Amy and Barry Kent) of Taylorville; and
3. **Lizzie Schafer** (daughter of Sue and Aaron Schafer) of Owaneco.

Chairman Holthaus then introduced Duane Noland, President of the Association of Illinois Electric Cooperatives, for presentation of the Thomas H. Moore IEC Memorial Scholarship. Years ago, the AIEC saw the opportunity to help students in rural communities by establishing this \$2,000 scholarship. Twelve scholarships are given each year and the recipients are selected from over 250 applicants. This year, from Shelby Electric Cooperative's service area, Delaney Nation was awarded the scholarship.



All of this year's scholarship recipients and their parents were congratulated!

Chairman Holthaus reported that the following members of the Cooperative had been appointed to serve as the Committee on Credentials:

Greg Mackling, Chair
Brent Lively
Brian Halbrook

Chairman Holthaus reported that the following members of the Cooperative had been appointed to serve as Inspectors of Elections:

Jessica Fox, Chair
William Kroncke
John Miller

Greg Mackling, Chair of the Committee on Credentials delivered the report of the Committee, said report being as follows:

Report of the Committee on Credentials of the 83rd Annual Meeting of the Shelby Electric Cooperative, June 10, 2022

We, the undersigned members of the Committee on Credentials appointed to serve for the 83rd Annual Meeting of the Shelby Electric Cooperative, held June 10, 2022 at 1:00 p.m., do hereby certify as follows:

That we, and each of us, have examined the credentials of the active Class A members of the Shelby Electric Cooperative present for the 83rd Annual Meeting, and report as follows:

That the total number of active Class A members present in person are 493;

That the total number of active Class A members presenting duly executed proxies are 0;

Making a total of 493 active Class A members present in person or by proxy.

Dated this 10th day of June 2022.

Greg Mackling, Chair
Brent Lively
Brian Halbrook

Members of the Committee on Credentials

Chairman Holthaus declared a quorum to be present and the meeting open for the transaction of business.

Chairman Holthaus announced that written copies of the minutes of the Eighty-second Annual meeting of the members, held on June 4, 2021, had been included in the notice of meeting and had also been made available

to the members prior to the meeting and asked if there was a motion to approve the minutes as published. On motion of member Marion L. McVey, seconded by member Deborah Johnston, the minutes as published were approved by vote of the membership.

Chairman Holthaus then delivered his report as Chairman of the Board of Directors of the Cooperative. Chairman Holthaus recognized Shelby Electric Cooperative staff present and extended his and the Board's sincere appreciation for their hard work during the year. He commended everyone for their dedication to safety and for maintaining such a safe workplace. He reminded the members that as a result of a strategic planning session in 2021, a bylaw change was proposed and adopted which resulted in the addition of two new "at large" Director positions to the Board of Directors. Having nine, instead of seven, Directors should make succession and planning easier. For 2022, the election was conducted by Survey & Ballot Systems. Finally, Chairman Holthaus recognized Directors David Keown and Greg Mackling for attaining their Certified Cooperative Director credentials.

Chairman Holthaus then acknowledged the retirement of one member of the Cooperative's Board of Directors; thanking Katie Ohmes for her 3 years of service.

Chairman Holthaus then introduced the Cooperative Treasurer, Katie Ohmes, who reviewed the Annual Report as published in the annual meeting notice. She reported that the Cooperative had annual revenues in 2021 of approximately \$34 million from the sale of electric service and that approximately \$21 million, or about 62 cents of every dollar of revenue, was paid by the Cooperative to purchase electricity. She reported that 2021 total margins were \$3,368,716. The Cooperative's total assets are approximately \$77 million, that the Cooperative has approximately \$29 million in liabilities, making the net value of the Cooperative approximately \$48 million.

Treasurer Ohmes reported that the average Cooperative investment per member was \$4,965 and that the average plant investment in the Cooperative per member served was \$8,232, meaning that the Cooperative has invested nearly 2 times as much to provide service to each member as the members have invested in the Cooperative.

She reported that Shelby Energy Company, the Cooperative's propane subsidiary, had over 2,900 customers and in 2021 had total sales of nearly \$2.4 million. As a wholly owned subsidiary of Shelby Electric, Shelby Energy continues to remain profitable.

PWR-net is a division of Shelby Electric that provides



broadband internet service. Treasurer Ohmes informed the members, as President/CEO Shallenberger will address further, that in 2022, Shelby Electric will embark on offering fiber to the home service in addition to the legacy fixed wireless network. The PWR-net division continues to remain profitable.

Finally, Treasurer Ohmes informed the members that the annual audit was completed by a Certified Public Accounting firm and that copies of the Cooperative audit were available for those members that were interested in reviewing it.

After receiving the Report of the Cooperative Treasurer, on motion of member Glen Warner, seconded by member Richard F. Simms, said Treasurer's Report was received and unanimously approved by vote of the membership.

At the request of Chairman of the Board Holthaus, the Cooperative's attorney, Amy Jackson, reported on the procedure for the election of directors.

Attorney Jackson reported that nominating petitions with the requisite number of signatures by Class A members of the Cooperative and completed Statements of Qualification as required by the Cooperative's bylaws had been received from the following persons, and verified by her, not less than 60 days prior to the date of the annual meeting:

DISTRICT 3:

David Keown, Findlay

DISTRICT 6:

Scott Ohmes, Pana

AT-LARGE DIRECTOR A (Districts 2, 3, 4, & 5):

Rob Bullock, Shelbyville

AT-LARGE DIRECTOR B (Districts 1, 6, & 7):

Sean Bertelsen, Stonington

John Gardner, Taylorville

She reported that in connection with the election of the At-Large Directors, At-Large Director A will be elected to serve a full three-year term along with the Directors from Districts 3 and 6. At-Large Director B will be elected for the remaining one year of the three year term that began in 2020 along with Directors from Districts 4 and 5.

She reported also that the names of all persons who had delivered the duly signed petition and Statement of Qualifications to the Cooperative legal counsel had been placed on the written ballot which had been sent

to the Class A members by the independent election contractor of Survey & Ballot Systems (SBS). Members were instructed to return their cast ballots to SBS which tabulated the results and provided detailed report on June 9 for review and validation by the Inspectors of Election with the help of the Cooperative legal counsel.

President and CEO Josh Shallenberger addressed the meeting and noted that Shelby Electric Cooperative and its subsidiaries serve more than 14,000 consumers. The electric distribution system covers 2,200 miles, includes approximately 43,000 utility poles, and serves an average of 2-4 member residences per mile. With this in mind, it is easy to see that the system requires a lot of capital expenditures in order to maintain quality infrastructure. In fact, in the past year, the Cooperative has undertaken substation / transformer repairs or replacements as needed and there are five more scheduled for the coming years.

President and CEO Shallenberger reported that Shelby Electric Cooperative's financial position is strong and noted the continued growth in the Cooperative's equity ratio. He reported that application of the Wholesale Power Cost Adjustment allows members to receive credits on their monthly bills when the actual cost of electricity is less than projected by Prairie Power, Inc. (PPI), the cooperative's wholesale power provider. CEO Shallenberger explained that members also receive capital credits as an allocation of equity from the prior year margins. As he reported, the Cooperative has just retired approximately \$467,000 from 1994 allocations. These retired credits will be reflected as a bill credit for current members and will be paid out by check to those who are no longer Cooperative members.

President and CEO Shallenberger explained that as a whole, the Cooperative management and the Board of Directors adhere to a policy that is designed to be pragmatic and thoughtful; giving consideration for how each decision will impact the membership of the Cooperative as a whole. There are currently over 100 renewable energy interconnections with the Cooperative's distribution system. Cooperative policy is deliberate and thoughtful when considering renewable energy development. He explained that the policy should not be driven by one individual interest, but rather by what is in the best interest of the Cooperative as a whole.

With regard to the current state of the electric markets and the economy, CEO Shallenberger assured the membership that PPI independently owns a number of generation assets. This fact allows PPI to hedge against shifts in the market that might otherwise impact availability of power as well as the price of power. He



acknowledged and thanked the membership for their support of the Prairie State Energy Campus during the recent legislative session. Cooperative voices from around the State of Illinois helped keep Prairie State open and active longer and this is extremely beneficial to Shelby Electric. Even so, CEO Shallenberger reported that a rate adjustment is something that may be necessary in the coming year. Schedule A rates have not been adjusted since January 2014 and a rate study is currently underway.

President/CEO Shallenberger addressed some challenges the Cooperative will face moving forward. Supply chain delays, market reliability, and premature closure of generation sources are all challenges which the Cooperative will face in the coming year. The legislative push toward renewable energy also presents a real challenge. Renewable energy is certainly a good thing, however, with a solar capacity factor in Shelby's geographic area of only 16-17%, solar cannot support the electric needs of the membership.

CEO Shallenberger acknowledged good opportunities for community involvement. The annual balloon fest, which is organized by Shelby Electric employee Kevin Bernson, engages more than 60 community groups. Shelby Electric is fortunate for the opportunity to be involved with Nokomis High School and its Ag Safety Day, as well as the CEO classes in Shelby and Christian County, with which Marla Foor is very involved. Shelby Electric also participated again this year in the CoBank Sharing Success program, through which grant funding was provided to Sacred Heart School of Pana and the Village of Strasburg for its park.

Finally, CEO Shallenberger reported to the members of upcoming projects and opportunities for the Cooperative. First, Shelby Energy is expanding its offering in regard to Generac generators. This business is continuing to grow and Shelby Energy now employs two full-time Generac certified technicians. Secondly, CEO Shallenberger is excited to report on the fiber-to-the-home project which will be commencing in Macon County. The project, which is expected to get underway in the next week, will include 199 miles of fiber construction; upgrading infrastructure and installing lite fiber which will ultimately provide broadband service to members in rural Macon County, as well as provide important fiber connectivity for the electric distribution system.

CEO Shallenberger expressed his gratitude to the members and is grateful for the opportunity to gather together again for the meeting safely and in person.

Chairman of the Board Holthaus called on Jessica Fox, Chair of the Inspectors of Elections to read the

Certificate of Inspectors of Election, which was as follows:

CERTIFICATE OF INSPECTORS OF ELECTIONS

We, the undersigned, the duly appointed Inspectors of Elections, for the Annual Meeting of the members of Shelby Electric Cooperative held on the 10th day of June, 2022, do hereby certify that the election of Directors was fairly and impartially conducted; that the votes of the members by written, mail-in ballots were submitted to Survey & Ballot Systems (SBS), an independent and impartial balloting firm; that SBS counted the votes cast and provided a detailed report of the results to us; that we have reviewed the results of the balloting as reported by SBS; and that the following members received the number of votes set opposite their respective names, to-wit:

DISTRICT 3: (To serve for a term of three years -One (1) to be elected from this district)

NAME	NO. OF VOTES RECEIVED
David Keown	750
Unexercised Ballots	224

DISTRICT 6: (To serve for a term of three years -One (1) to be elected from this district)

NAME	NO. OF VOTES RECEIVED
Scott Ohmes	735
Unexercised Ballots	239

AT-LARGE DIRECTOR A: (To serve for a term of three years - One (1) to be elected from Districts 2, 3, 4, & 5)

NAME	NO. OF VOTES RECEIVED
Rob Bullock	764
Unexercised Ballots	210

AT-LARGE DIRECTOR B: (To serve for a term of one year -One (1) to be elected from Districts 1, 6, & 7)

NAME	NO. OF VOTES RECEIVED
Sean Bertelsen	375
Unexercised Ballots	170

NAME	NO. OF VOTES RECEIVED
John Gardner	426
Unexercised Ballots	170



Continued from page 7

Based on the foregoing, we further certify that the following persons were duly elected as Directors to hold office for a term of three years or until their successors shall have been elected and qualified:

- DISTRICT 3: David Keown
- DISTRICT 6: Scott Ohmes
- AT-LARGE DIRECTOR A: Rob Bullock

We further certify that the following person was duly elected as Director to hold office for a term of one year or until their successors shall have been elected and qualified:

- AT-LARGE DIRECTOR B: John Gardner

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 10th day of June 2022.

- Jessica Fox, Chair (SEAL)
- William Kroncke (SEAL)
- John Miller (SEAL)

Chairman Holthaus declared that David Keown, Scott Ohmes, and Rob Bullock were duly elected to the Board of Directors for three-year terms and that John Gardner was duly elected to the Board of Directors for a one-year term.

There was no other business.

President and CEO Shallenberger awarded door prizes. The name of each member in attendance was placed in contention for the drawing and prizes were awarded to members with the grand prize being \$250 Shelby Electric Dollars, which was won by Thomas Graham.

There being no further business, on motion duly made by member Patricia Oldham, seconded by member Janice Varnar, the meeting was adjourned by voice vote at 2:03 p.m.

Secretary

APPROVED:

Chairman

2023 ANNIVERSARY DATES:

EMPLOYEES			DIRECTORS
1 YEAR	10 YEARS	45 YEARS	1 YEAR
TIM BEJOSANO	LUKE BROWN	TERRY OLDHAM	ROB BULLOCK
AUSTIN BLY			JOHN GARDNER
BRANDON FAULKNER	15 YEARS	50 YEARS	SCOTT OHMES
WYATT FOX	MARLA FOOR	DAVE WHITE	
ADAM HUDSON			
SHANE KIRCHER	20 YEARS		
CARMEN KIRKSEY	KEVIN BOEHM		
NATHAN MILLER	BRIAN CHEVALIER		
AMY PETERS	JEROMY MILLER		
JOSH PHEGLEY			
FAITH WHEELER			

MEMBERS' FINANCIAL REPORT

for the year ended December 31, 2022

Assets

Total cost of electric plant system including work in progress	87,187,751	
Depreciation	(46,066,448)	
Net electric plant system		41,121,303
Cash on hand and in the bank was		9,802,886
Investments in associated organizations		18,461,095
Investments in non-utility property		659,549
Other Investments and subordinated certificates		6,243,167
Receivable for electricity sales, and material sold		4,237,146
Stock materials and supplies		2,047,798
Prepaid expenses, deferred charges and miscellaneous assets		1,422,510
Total owned		83,995,454

Liabilities and Members' Equity

Borrowed from and owed to CFC	18,292,241	
Borrowed from and owed to USDA	2,759,119	
Other Long Term Liabilities	1,758,912	
Total Debt	22,810,272	
Owed for materials, credit balances on consumers accounts, advanced consumer underground deposits, taxes, & etc.	7,456,879	
Consumer deposits paid	65,273	
Deferred credits and miscellaneous liabilities	1,567,756	
Total Liabilities	31,900,180	

Members' Equity (Net Worth)

Donated capital	2,681,529	
Patronage capital and other margins	49,413,745	
Total Members' Equity		52,095,274
Total Liabilities and Members' Equity (Net Worth)		83,995,454

COOPERATIVE STATEMENT OF RECEIPTS AND EXPENSES

for the year ended December 31, 2022

Our Receipts:

Sale of electric service	\$34,562,452
Propane revenue	3,653,272
Other receipts	197,824
Total receipts for 2022	\$38,413,548

Our Expenses:

Purchased electric power cost	\$21,791,561
Purchased propane cost	2,445,817
Operations and maintenance expense	4,046,026
Consumer accounting and collecting expenses	711,973
Customer assistance expense	803,236
General office salaries and expenses	2,512,877
Outside services	162,488
Insurance expense	94,569
Post retirement benefits, excluding pensions	129,345
Depreciation and amortization expense	2,773,104
Taxes	960,313
Interest expense to CFC	1,148,125
Total cost of providing service for 2022	37,579,434
Operating margin	834,114
Interest income, capital credits and other non-operating revenue	2,784,550
Total Margin	\$3,618,664

LONG-TERM OBLIGATIONS TO CFC & USDA RURAL DEVELOPMENT

Total CFC loan funds available less outstanding CFC debt	\$30,400,000
Total CFC funds borrowed	\$18,292,241
Total USDA funds borrowed	\$2,759,119
Payments made on principal during year	\$2,528,497
Total interest paid during year	\$1,148,125

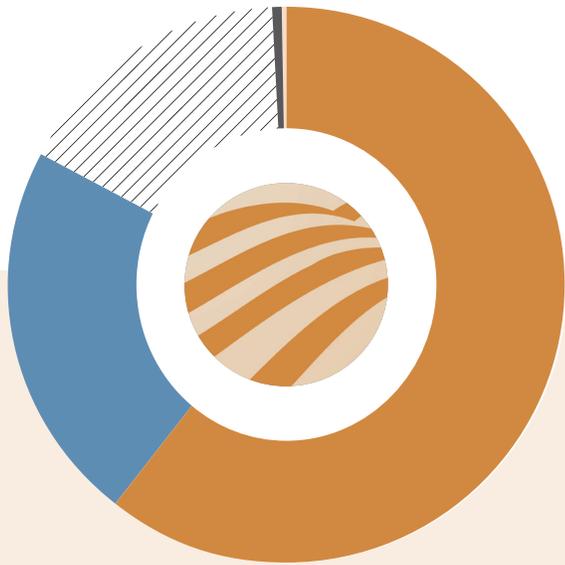
INTERESTING INFORMATION ABOUT YOUR COOPERATIVE'S PROGRESS AND WHAT IT MEANS TO LOCAL BUSINESS

	2022	2021	2020	2019	2018
Total electric plant	83,090,751	80,421,818	78,380,706	74,370,350	71,271,271
Total miles of line	2,214	2,211	2,208	2,203	2,201
Average plant investment per mile	37,530	36,374	35,499	33,759	32,381
Average number of customers served	9,792	9,769	9,751	9,743	9,716
Average number of consumers per mile of line	4.42	4.42	4.42	4.42	4.41
Average plant investment per consumer served	8,486	8,232	8,038	7,633	7,335
Total cost of purchased power	21,791,561	20,630,482	20,035,368	20,816,899	22,190,064
Maximum monthly kw demand	52,795	48,776	49,144	48,687	51,015
Total kwh purchased by cooperative	265,610,228	263,205,608	257,959,556	266,606,640	272,311,336
Total kwh purchased by members	246,956,725	246,933,787	241,954,512	249,733,560	255,366,601
Average kwh used per month per member	2,102	2,106	2,068	2,136	2,190
Total electric revenue	34,760,276	33,819,803	33,477,386	34,406,977	35,084,816
Average monthly electric bill per member	296	288	286	294	301
Average monthly revenue per mile of line	1,308	1,275	1,263	1,302	1,328
Average ownership equity per member	5,335	4,965	4,715	4,216	3,821
Total taxes paid	960,313	953,613	949,597	963,892	992,541
# of Coop vehicles	36	35	35	35	33
Miles traveled by transportation vehicles	278,331	324,885	328,050	246,554	244,599
Total transportation costs	332,977	258,692	205,168	192,543	180,297
Average costs per mile by transportation vehicles	1.20	0.80	0.63	0.78	0.74
Hours used on power operated vehicles	9,223	9,095	10,161	8,351	8,929
Total power operated costs	464,577	405,757	351,502	420,665	322,705
Average cost per hour by power operated vehicles	50.37	44.61	34.59	50.37	36.14

COOPERATIVE OPERATING STATS

	2022	2021	2020	2019	2018	2017
Cost of purchased power	21,791,561	20,630,482	20,035,368	20,816,899	22,190,064	20,940,118
Total kwh purchased	265,610,228	263,205,608	257,959,556	266,606,640	272,311,336	257,841,947
Total kwh sold	246,956,725	246,933,787	241,954,512	249,733,560	255,366,601	241,792,161
Average number of members served (excl. comm.)	9,514	9,497	9,477	9,469	9,460	9,445
Average kwh use per month per member (excl. comm.)	1,083	1,072	1,057	1,065	1,126	1,019
Average cost per kwh to member (excl. comm.)	16.89	16.7	16.78	16.93	16.48	17.42

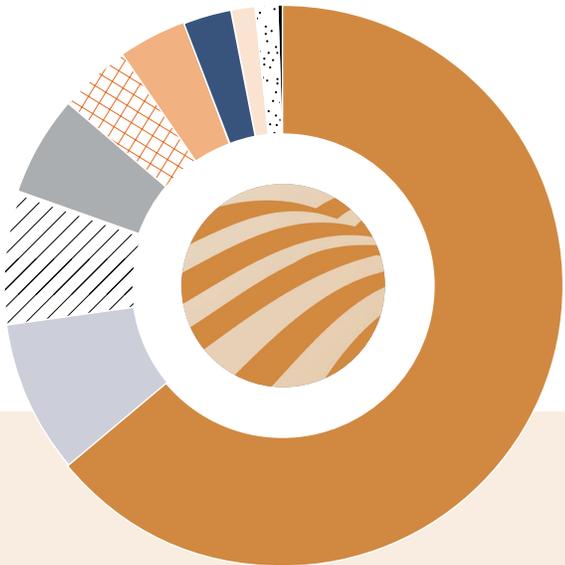
SALES REVENUE



- Residential
- Large Commercial
- Small Commercial
- Other Revenue
- Street Lighting and Municipal

Residential	\$21,022,192	60.48%
Large Commercial	\$7,633,053	21.96%
Small Commercial	\$5,853,771	16.84%
Other Revenue	\$197,824	0.57%
Street Lighting and Municipal	\$53,436	0.15%
Total	\$34,760,276	100.00%

ALLOCATION OF TOTAL COST



- Cost of Power
- Distribution Maintenance
- Depreciation
- Administration & General
- Distribution Operations
- Interest
- Tax Expense
- Consumer Accounts
- Consumer Service & Information
- Other Deductions

Cost of Power	\$21,791,561	65.48%
Distribution Maintenance	\$2,376,007	7.14%
Depreciation	\$2,438,065	7.33%
Administration & General	\$2,176,785	6.54%
Distribution Operations	\$1,471,308	4.42%
Interest	\$1,149,108	3.45%
Tax Expense	\$957,549	2.88%
Consumer Accounts	\$526,863	1.58%
Consumer Service & Information	\$364,214	1.09%
Other Deductions	\$29,555	0.09%
Total	\$33,281,015	100.00%



1. I, the undersigned active Class A member of Shelby Electric Cooperative, hereby appoint **(insert name of person to act as proxy)** _____ as my agent and proxy (a) to attend and represent me at the annual meeting of members of Shelby Electric Cooperative on June 9, 2023, and any continuation or adjournment of the annual meeting of members and (b) to act and vote on my behalf in the transaction of any business conducted at the annual meeting of members, in the same manner and with the same effect as if I were personally present.
2. This proxy and the authority represented by this proxy may be revoked by me at any time and is automatically revoked if I am personally in attendance at the annual meeting of members.

Date: _____, 2023

(Typed/printed name of active Class A member giving proxy)

(Signature of active Class A member giving proxy)

Witness: _____

(Title/office, if corporation or other entity)

(NOTE: The bylaws of the Cooperative provide that (1) only active Class A members of the Cooperative may cast the vote of another active Class A member for whom he or she has been given a proxy, (2) an active Class A member may only cast one proxy vote for an absent active Class A member in addition to his/her own vote, (3) any proxy must be filed with the Secretary of the Cooperative at or before the meeting, and (4) proxies expire 60 days after date of execution.)

The business meeting will be held at the Shelby County 4-H Fairgrounds, Shelbyville, IL

(Prepared by Pork Producers of Shelby County)



Registration 10:30 a.m. - 1:00 p.m.

- A Barbecue Pork Chop Dinner will be served between 10:30 a.m. and 12:45 p.m.
- There will be a free Health Fair with testing for blood pressure
- Entertainment preceding the meeting by The Hood Family Band
- All registered members will receive a \$15 bill credit
- Must be present to win door prizes in the drawing after the meeting
- Paddi's Air Filled Fun
- Tim the Twister and Sunshyne the Clown
- Live Line Demo
- Master Gardener from Illinois Extension
- U.S. Corps of Engineers information booth

Please mark your calendar and plan to attend

Door Prizes

Prizes will be given at the close of the business meeting.*

*Eligibility for prizes: You must be registered for this year's annual meeting by 1:00 p.m. to be eligible for all prize drawings and you must be present to win

Grand Prize!!!

\$250 "Shelby Electric Dollars" that can be used for any Shelby Electric provided service

SHELBY ELECTRIC COOPERATIVE

P.O. Box 560
Shelbyville, IL 62565

ADDRESS SERVICE REQUESTED

Presorted
Standard Mail
U.S. Postage Paid
Springfield, Illinois
Permit No. 609

THIS IS YOUR REGISTRATION CARD

Please bring it with you to expedite the registration process

All registered members will receive a \$15 bill credit

