

Innovation Through Collaboration



Shelby Electric
Cooperative

Your Touchstone Energy® Partner 

Friday, June 8, 2018 | 1:00 P.M. | Shelby County 4-H Fairgrounds, Shelbyville, IL

2018
Annual Meeting

Your neighbors serving as your cooperative's directors



— District 1 —
Robert Holthaus
Stonington



— District 2 —
Bennie Clawson
Tower Hill
Secretary



— District 3 —
J. Mark Lash
Findlay
Treasurer



— District 4 —
Larry Durbin
Shelbyville



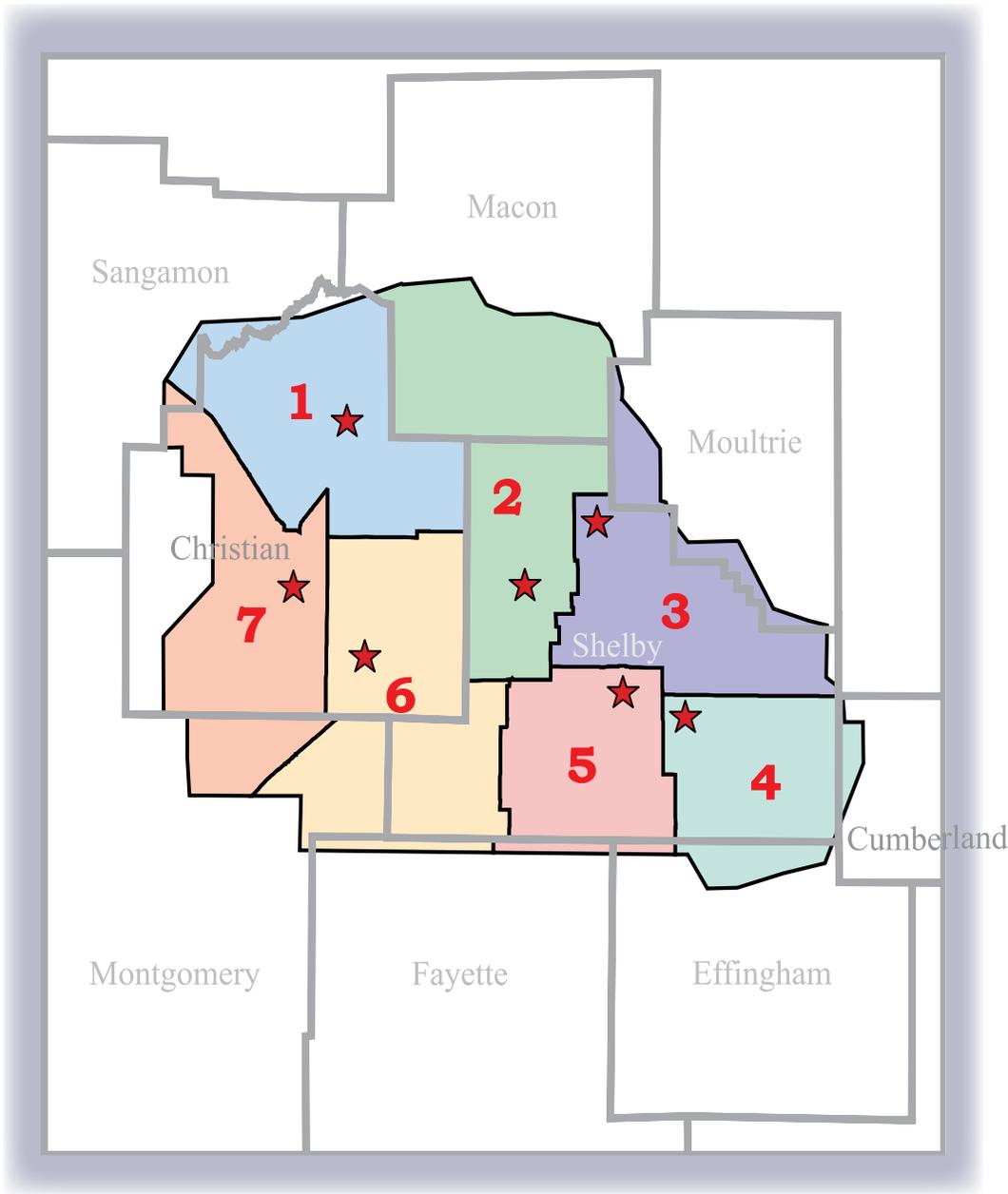
— District 5 —
Brian Halbrook
Shelbyville
Vice Chairman



— District 6 —
John M. Scott
Pana



— District 7 —
Brent Lively
Taylorville
Chairman



Shelby Electric Cooperative
2018 Annual Meeting

Agenda

National Anthem
 Call to Order Brent Lively, Chairman
 Invocation
 Legal Call of the 80th Annual Meeting Bennie Clawson, Secretary
 Report on Board of Directors Appointment of Committee on Credentials
 and Inspectors of Elections Brent Lively
 Introduction of Scholarship Winners Brent Lively
 Report of Committee on Credentials Regarding Active Class A Members
 Present to Establish a Quorum Committee Chairman
 Approval of Minutes of Previous Meeting Brent Lively
 Chairman’s Report Brent Lively
 Treasurer’s Report J. Mark Lash, Treasurer
 Election of Directors Forrest Keaton, Attorney
 President/CEO’s Report Josh Shallenberger, President/CEO
 Report of Inspectors of Elections Committee Chairman
 Other Business
 Door Prize Drawing Josh Shallenberger
 Adjournment

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 8, 2018, to take action upon the following matters:

1. Approval of Minutes of 2017 annual meeting;
2. Presentation of reports of officers;
3. The election of three (3) directors; and
4. All other business which may come before the meeting or any adjournment or adjournments thereof.

In connection with the election of one director each from Districts 1, 2 and 7 for a term of three years, the following members have been nominated by petition.

District #	
1	Robert Holthaus
2	Bennie Clawson
7	Brent Lively

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

Dated at Shelbyville, Illinois, this 8th day of May, 2018.

Bennie Clawson, Secretary

Nominees for Directors

Shelby Electric Cooperative June 8, 2018 — Shelbyville, Illinois	District 1 Robert Holthaus, Stonington	<i>(Vote for one)</i> (3-Year Term)
	District 2 Bennie Clawson, Tower Hill	<i>(Vote for one)</i> (3-Year Term)
	District 7 Brent Lively, Taylorville	<i>(Vote for one)</i> (3-Year Term)

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Josh Shallenberger
President/CEO
Shelby Electric Cooperative

Eight decades in the making – and alive and doing well. Your electric cooperative has seen a lot of change over the last 80 years, yet its main objective remains – improving the quality of life in the rural areas that it has committed to provide service. Nothing epitomizes this modern-day dilemma better than the growing dependence of everyone to have access to high-quality broadband internet service, regardless of your address. That same need existed 80 years ago when it came to receiving electricity at rural homes and farms and was solved through an evolutionary movement that has resulted in what Shelby Electric Cooperative is today.

YOUR COOPERATIVE – A GRASSROOTS MOVEMENT

It would be a mistake to not pay homage to the leadership of those that gave much of themselves to ensure Shelby Electric Cooperative came to fruition back in 1938 when the organization was granted its corporate charter. This was a time when for-profit electric companies

were unwilling to serve the unprofitable rural areas due to very low density, often referenced as members per mile of line. This problem was addressed by community leaders who went door to door to garner support for creating an entity that would serve this rural need. The Rural Electrification Administration (REA) program, which offered low interest loans to communities to allow them to help themselves as they built electric distribution lines where there seemed to be no business case, has proven one of the best investments in American history.

While the original Shelby Electric Cooperative system was first energized on January 1, 1939 with electricity flowing to 430 members, it's interesting to note that much of the Cooperative's lines were built out into and through the 1950's. Of course, now your Cooperative has over 10,000 members, including a propane distribution company, a wireless broadband internet division and ownership in several Cooperative entities that help to support the ongoing operations of Shelby Electric.

INNOVATION THROUGH COLLABORATION

Having a rich history and much success throughout the last 80 years has kept your Cooperative strong when it comes to its service offerings, the ability to attract and retain highly skilled and knowledgeable employees and maintain good financial health. However, history is not always the best indicator of how an organization will fare over the next 80 years. It's likely that you can think of many great companies that no longer exist due to their failure to

change with the times – or their inability to innovate.

The pace of technological change has hastened over the last few decades with the invention and widespread use of a combination of the microprocessor and the interconnectedness that we all, most of the time, enjoy, the internet. This fact extends to many, if not all industries, and the electric power sector is no exception. With this, information flow and data intensity has grown exponentially to assist companies in managing their businesses in a much more granular fashion. This has resulted in efficiencies and scale that could not otherwise be realized.

One of the strengths of your local Cooperative is the network to which it belongs. Although at its core, Shelby Electric Cooperative can be characterized as a small business when gauging relativity on a national basis, it has access to resources that extend far beyond what a company its size typically would. This stems from the organizational structure of the cooperative network of services, as well as one of the seven cooperative principles under which your Cooperative is operated, cooperation among cooperatives. Essentially, this enables your Cooperative to gain efficiency and scale while remaining independently governed to respond to your needs. Or, using a sports analogy, it gives us a deep bench. Leveraging this inherent strength of the cooperative business model has been critically important as we navigate the complexity associated with the new energy paradigm and arrive at solutions that look toward the future.

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BRIDGING THE DIVIDE

Make no mistake, we are on the cusp of a new energy paradigm. This new paradigm is enabled through innovation. That innovation is driven by technological change. And the pace of that change is often set by regulatory and legislative underpinnings.

At Shelby Electric Cooperative, we have a fiduciary duty to you, our Members, our Owners, Our Consumers. Over the years, the organization has been managed from the perspective of what's best for the membership as a whole. This philosophy has been used to fulfill that fiduciary obligation. Using this collective approach, investments have been made to ensure the core mission of providing safe, reliable electricity at an affordable cost will be met well into the future.

System investments include assets that will serve the membership for many years to come, from investments in generation, new substations, upgraded line facilities, advanced metering, and customer information systems used to support back office member support, engineering and operations. A vital aspect that wraps it all together is the ability to communicate with you, the members, all perhaps wanting an individualized experience depending on your needs as a consumer. All of these investments will play a role in the new energy paradigm. Balancing the fiduciary responsibility to safeguard the viability of the investments currently in service with a mindset that is open to continuous innovation will be one of the key challenges faced over the coming years.

WHAT SETS YOUR COOPERATIVE APART

While it is imperative that Shelby Electric Cooperative continue to innovate to remain relevant, we also recognize the value offered as a relationship-based organization. In today's business environment, consumer experience is what leads to continued patronage, just as it did 80 years ago. Building long-term relationships is not always the focus of some of the organizations that have come and gone in the industry over the years. The Cooperative's interests remain very much aligned with you, the Member, the Owner, the Consumer. By design, this is the only reason that your Cooperative is in business – to serve you.

Annual Meeting Memories



Shelby Electric Cooperative
Innovation Through Collaboration

**SEVENTY-NINTH ANNUAL MEETING
OF THE SHELBY ELECTRIC COOPERATIVE**

The Seventy-ninth Annual Meeting of the members of the Shelby Electric Cooperative was called to order by Chairman of the Board Brent Lively in the 4-H Auditorium at the Shelby County Fairgrounds, Shelbyville, Illinois, at 1:00 p.m., Friday, June 9, 2017. Following the playing of the National Anthem, the invocation was delivered by Pastor Scott Bons of the Mt. Pleasant Church of God in Assumption.

Secretary Bennie Clawson then read to the members the Legal Call of the Seventy-ninth Annual Meeting of members which was as follows:

LEGAL CALL

BENNIE CLAWSON, Secretary of Shelby Electric Cooperative, hereby reports that, at my direction, on the 15th day of May, 2017, a notice of the annual meeting of members of the Cooperative to be held on June 9, 2017 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 9, 2017

(SIGNED) BENNIE CLAWSON
Secretary

After the reading of the Legal Call, Chairman Lively introduced the Board of Directors, Duane Noland and other members of the staff

of the Association of Illinois Electric Cooperatives, members of the staff of Prairie Power, Inc., and former directors of the Cooperative.

Chairman Lively reported that the following members of the Cooperative had been appointed by the Cooperative's Board of Directors to serve on the Credentials Committee:

Bennie Clawson, Chair
Robert Holthaus
J. Mark Lash

Chairman Lively reported that the following members of the Cooperative had been appointed by the Cooperative's Board of Directors to serve as Inspectors of Election:

Jessica Fox, Chair
Scott Jefson
John Miller

Chairman Lively introduced Abby Forlines of Central A and M High School, Lawrence Curtin of Taylorville High School, and James Moon of Pana High School as the winners of the Shelby Electric Cooperative scholarships. Ms. Forlines and Mr. Curtin were in attendance.

Chairman Lively introduced Duane Noland, CEO of the Association of Illinois Electric Cooperatives, for the presentation of the Illinois Country Living Mother of the Year 2017 to Nancy Agney. Kathleen Agney, daughter-in-law of the recipient, read her letter of nomination of Nancy Agney, after which Mr. Noland and CEO Josh Shallenberger presented Nancy Agney with

several gifts from the AIEC and the Cooperative in recognition of her selection.

Bennie Clawson, 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 79th ANNUAL MEETING OF THE SHELBY ELECTRIC COOPERATIVE, JUNE 9, 2017

We, the undersigned members of the Credentials Committee appointed to serve for the 79th Annual Meeting of the Shelby Electric Cooperative, held June 9, 2017 at 1:00 o'clock p.m. (C.D.T.), 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 79th Annual Meeting, and report as follows:

That the total number of active Class A members present in person are 553;

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

Making a total of 553 active Class A members present in person or by proxy.

Dated this 9th day of
June, A.D. 2017.

Bennie Clawson, Chair
Robert Holthaus
J. Mark Lash
Members of the
Credentials Committee

Shelby Electric Cooperative 2018 Annual Meeting

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

Chairman Lively announced that written copies of the minutes of the Seventy-eighth Annual meeting of the members, held on June 17th, 2016, 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 Deborah Johnston, seconded by member Glen Warner, the minutes as published were approved by vote of the membership.

Chairman Lively then delivered his report as Chairman of the Board of Directors of the Cooperative. He began his report noting information about the Cooperative that its members may not know. He noted that the Cooperative lives by the seven cooperative principles. He pointed out that the Cooperative distributes electricity and that the Cooperative purchases the supply of electric energy from Prairie Power, Inc. which both generates and purchases the electric energy it supplies. He reminded the members that the Cooperative is a not-for-profit corporation, but its subsidiary, Shelby Energy Company, is a for-profit corporation that sells propane and stand-by electric generators. He noted that the Cooperative's service territory encompasses all or parts of nine counties and is divided into seven director districts. He reported that the electric energy supplied by Prairie Power comes from a wide variety of sources, including the Prairie State coal-fired plant, natural gas turbines, contracts with wind generators, and a small amount produced

by solar facilities in Shelbyville and Astoria. Finally, he noted that the Cooperative also provides electric service to large commercial and industrial users, including two Wal-Mart stores, IHI Turbo America, and International Paper.

Chairman Lively reviewed highlights of the last year. He noted that the Cooperative had \$2.8 million of margins. He indicated that a review of prior years' statistics shows that the Cooperative's average bill has not changed in three years and that the Cooperative has experienced a positive financial trend. He noted that construction would be beginning on the new Shelbyville substation. He reported that the Cooperative had retired \$131,000 of capital credits to the members. He noted the focus of the Cooperative on vegetation management to improve service reliability and the use of Nelson Tree Service to assist the Cooperative employees in tree trimming and brush clearance. He reported that a major upgrade in PWR.net broadcast sites has started.

In closing, Chairman noted that the Cooperative has "off the balance sheet" assets in its employees and recognized all of the Cooperative employees for their efforts.

Chairman Lively then introduced the Cooperative Treasurer, J. Mark Lash, who reviewed the Annual Report as published. He reported that the Cooperative had annual revenues in 2016 of \$33 million from the sale of electric service of which \$21 million, or about 65 cents of every dollar of revenue, was paid for power supply. He reported that 2016 total margins were \$2,841,554. He reported that the Cooperative assets were \$68

million, that the Cooperative had \$37.2 million in liabilities, and that the net value of the Cooperative was \$30.8 million. He reported that the average Cooperative investment per member was \$3,180 and that the average plant investment in the Cooperative per member served was \$6,939, meaning that the Cooperative has invested 2.2 times as much to provide service to each member as the member has invested in the Cooperative. He reported that Shelby Energy Company, the Cooperative's propane subsidiary, had over 2,000 customers and in 2016 had \$1.8 million in sales. He reported that the number of customers of PWR-net, the Cooperative-owned wireless internet service provider, continues to grow and PWR-net is profitable. He informed the members 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 Charles Bishop, seconded by member Marion McVey said Report was received and unanimously approved by vote of the membership.

At the request of Chairman of the Board Lively, the Cooperative's attorney, Forrest Keaton, took charge of the meeting for the election of new directors. He 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 by the Cooperative's Secretary from the following persons not less than 60 days prior to the date of the annual meeting:

Continued on page 6 ►

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Continued from page 5

DISTRICT 4:

Larry Durbin Shelbyville

DISTRICT 5:

Brian Halbrook Shelbyville

He reported that the names of all persons who had delivered the duly signed petition and Statement of Qualifications to the Cooperative Secretary had been placed on the written ballot which had been provided to the Class A members at the time of their registration for the meeting. The members were then requested to mark their ballots, which were then collected by the Inspectors of Election with the help of the Cooperative employees.

President and CEO Josh Shallenberger addressed the meeting. He began by noting some key distinctions between electric cooperatives, investor-owned utilities and municipal utilities. He noted the ownership of the cooperatives by its members and the democratic process by which cooperatives are governed. He pointed out that cooperatives operate at cost and return margins to the members through capital credits, by which Shelby Electric Cooperative has retired \$6 million to its members since its inception. He noted the difference in consumer density between the Cooperative, which is about 4.3 consumers per mile of line, versus investor-owned and municipal utilities with 35 to 50 consumers per mile of line.

President Shallenberger noted that the Cooperative seeks to distribute electricity to its members reliably, affordably, and safely. He reported that an organization-wide safety effort has included such

things as obtaining fire-retardant and arc-rated clothing for the Cooperative's line crews. He noted the emphasis on vegetation management, on-going system management, including underground circuit replacement, and annual pole testing of 20% of the Cooperative's 42,000 poles, all as means of improving system reliability. He noted that new employees are stepping up to replace the experience that was lost due to retirements. During the past year, employees that had 107 combined years of service to the Cooperative reached the end of their careers.

President Shallenberger reported that several efforts of communication with the members have been advanced. He noted that a new and improved website was put in service in 2017 and that member communications are available through Facebook, the Cooperative's SmartHub, and Illinois Country Living magazine. He pointed out that the Cooperative's outage management system is available through the website to provide up-to-date information concerning any outage on the electric distribution system. He also reported that personal contact and responsiveness is still a key component of the Cooperative's customer service. He noted that the Cooperative's after-hours call center has worked very well with a 97% call completion rate, of which two-thirds were personally answered, and with a 26-second average wait time for answer. He also noted that the average dispatch time after a call was 6.4 minutes.

President Shallenberger reported that economic development efforts continue and that the Cooperative had secured a \$1.0 million Rural

Economic Development loan from the U.S. Department of Agriculture for financing of an additional expansion at IHI Turbo America.

President Shallenberger noted the continued importance of education efforts of the Cooperative. He reported that Youth Day in Springfield annually sends between 12 and 20 students to observe aspects of state government. He reported that two students from the Cooperative territory are participating in the Youth to Washington program. He noted the Cooperative's awarding of the scholarships to college-bound students. He also reported on the electric safety program for students which, during the last year, involved over 900 students at 10 schools.

President Shallenberger noted that Shelby Energy Company's propane sales performance experienced a reduction in revenue as a natural outcome of mild weather. He reported that the upgrade of PWR.net equipment will provide better and higher download capacity sought by its subscribers.

President Shallenberger provided some highlights related to Prairie Power, Inc. He noted that several aspects of the operation of the Prairie State plant, of which Prairie Power, Inc. is an 8.22% owner. He noted that, during the past year, the Prairie State plant had its highest monthly capacity factor of 97.4%, had 100% environmental compliance, and had no lost-time accidents. He noted that the solar facilities have capacity factors that are usually in the range of 20%. He also reported that the Cooperative and other members of Prairie Power have the ability to leverage expertise at Prairie Power to address issues such as cybersecurity,

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offsite hosting, and back-up services.

In closing, President Shallenberger noted the recent enactment of the Future Energy Jobs Act by the Illinois General Assembly. He observed that the Act will likely have an impact on the electric industry but that the nature of that impact on the Cooperative and its members is not fully known at this time.

There was no unfinished business.

There was no new business.

Chairman of the Board Lively called on Chair Jessica Fox 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 9th day of June, 2017 do hereby certify that the election of Directors was fairly and impartially conducted; that we received the votes of the members by ballot and counted the votes cast; and that the following members received the

number of votes set opposite their respective names, to-wit:

DISTRICT 4: (To serve for a term of three years –
 One (1) to be elected from this district)

NAME	NO. OF VOTES RECEIVED
Larry Durbin	191
Spoiled Ballots	23

DISTRICT 5: (To serve for a term of three years –
 One (1) to be elected from this district)

NAME	NO. OF VOTES RECEIVED
Brian Halbrook	169
Spoiled Ballots	24

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 4: Larry Durbin
 DISTRICT 5: Brian Halbrook

IN WITNESS WHEREOF,
 we have hereunto set our hands and seals this 9th day of June, 2017.

Jessica Fox, Chair (SEAL)
 Scott Jefson (SEAL)
 John Miller (SEAL)

Chairman Lively declared that Larry Durbin and Brian Halbrook were duly elected to the Board of Directors for three-year terms.

On motion duly made by member Marion McVey, seconded by member Kenneth Bodin, the meeting was adjourned by voice vote at 2:07 p.m.

Prior to the commencement of the Annual Meeting, the name of each member in attendance was placed in contention for the drawing for attendance prizes. Prizes were awarded to members with the grand prize being \$250 Shelby Electric Dollars which was won by Susan Chiovari.

APPROVED: Secretary

Chairman

2018 Employee Anniversary Dates

<p>5 Years Luke Brown</p>	<p>15 Years Kevin Boehm Brian Chevalier Chris French</p>	<p>25 Years Kevin Carlen</p>
<p>10 years Nick Dunaway Marla Eversole Heidi Hall</p>	<p>20 Years Pam Manship</p>	<p>40 Years Terry Oldham</p>
		<p>45 Years Dave White</p>

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Innovation Through Collaboration

Members' financial report
for the year ended December 31, 2017

ASSETS		
Total cost of electric plant system including work in progress	\$ 69,525,776	
Depreciation	(35,698,309)	
Net electric plant system		33,827,467
Cash on hand and in the bank		2,520,124
Investments in associated organizations		11,561,230
Investments in non-utility property		250,326
Other investments and subordinated certificates		10,182,674
Receivable for electricity sales, and material sold		4,754,696
Stock materials and supplies		782,364
Prepaid expenses, deferred charges and miscellaneous assets		4,969,512
Total Assets		\$ 68,848,393
LIABILITIES		
Borrowed from and owed to CFC	\$ 27,372,524	
Borrowed from and owed to USDA - REDLG	2,509,301	
Other Long Term Liabilities	1,570,239	
Total Long Term Liabilities	31,452,064	
Owed for materials, credit balances on consumers accounts, advanced consumer underground deposits, taxes, & etc.	2,664,866	
Consumer deposits paid	61,595	
Deferred credits and miscellaneous liabilities	590,573	
Total Liabilities		34,769,098
MEMBERS' EQUITY		
Donated capital	\$ 2,400,308	
Patronage capital and other margins	31,633,495	
Other equities	45,492	
Total Members' Equity		34,079,295
Total Liabilities and Members' Equity		\$ 68,848,393

Shelby Electric Cooperative
2018 Annual Meeting

Cooperative statement of receipts and expenses

for the year ended December 31, 2017

Our Receipts:		
Sale of electric service		\$ 33,754,846
Shelby Energy Company revenue		2,036,356
Other receipts		228,254
Total receipts for 2017		\$ 36,019,456

Our Expenses:		
Purchased electric power cost	\$ 20,940,118	
Shelby Energy Company costs	1,382,739	
Operations and maintenance expense	3,812,659	
Consumer accounting and collecting expenses	608,839	
Customer assistance expense	825,361	
General office salaries and expenses	2,004,075	
Outside services	199,243	
Insurance expense	68,284	
Post retirement benefits, excluding pensions	113,964	
Depreciation and amortization expense	2,630,633	
Taxes	942,975	
Interest expense to CFC	1,651,727	
Total cost of providing service for 2017		35,180,617
Operating margin		838,839
Interest income, capital credits and other non-operating revenue		2,600,015
Total Margin		\$ 3,438,854

Long-term obligations to CFC & USDA Rural Development

Total CFC loan funds approved	\$54,092,523	
Total CFC funds borrowed	\$27,372,524	
Total USDA funds borrowed (pass-through loans for Econ. Dev.)	\$2,509,301	
Payments made on principal during year	\$2,222,055	
Total interest paid during year	\$1,661,957	

Innovation Through Collaboration

Interesting information about your cooperative's progress and what it means to local business

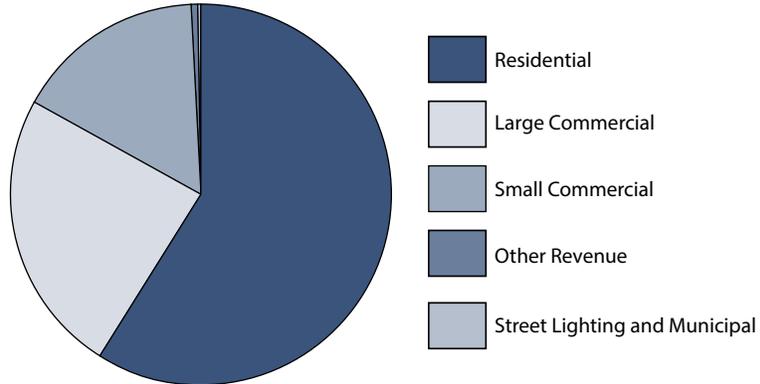
	2017	2016	2015	2014	2013
Total electric plant	69,422,671	67,096,728	64,897,662	63,094,055	60,532,071
Total miles of line	2,197	2,196	2,194	2,191	2,189
Average plant investment per mile	31,599	30,554	29,580	28,797	27,653
Average number of customers served	9,704	9,670	9,665	9,834	9,963
Average number of consumers per mile of line	4.42	4.40	4.41	4.49	4.55
Average plant investment per consumer served	7,154	6,939	6,715	6,416	6,076
Total cost of purchased power	20,940,118	21,086,288	20,336,379	21,375,473	19,288,312
Maximum monthly kw demand	48,671	49,714	47,038	47,299	49,489
Total kwh purchased by cooperative	257,841,947	266,309,947	261,056,793	261,055,793	253,104,479
Total kwh purchased by members	241,792,161	249,400,772	244,394,601	247,355,283	239,023,178
Average kwh used per month per member	2,076	2,149	2,107	2,096	1,999
Total electric revenue	33,983,100	33,550,555	33,401,762	34,270,347	31,790,392
Average monthly electric bill per member	292	289	288	290	266
Average monthly revenue per mile of line	1,289	1,273	1,269	1,303	1,210
Average ownership equity per member	3,512	3,180	3,181	2,545	1,976
Total taxes paid	942,975	971,979	944,282	966,294	933,471
# of Coop vehicles	33	32	31	30	33
Miles traveled by transportation vehicles	222,017	227,396	213,027	214,350	251,058
Total transportation costs	181,339	187,742	193,422	210,935	224,348
Average costs per mile by transportation vehicles	0.82	0.83	0.91	0.98	0.89
Hours used on power operated vehicles	9,843	10,349	8,585	9,051	10,449
Total power operated costs	383,612	331,007	346,591	361,699	402,611
Average cost per hour by power operated vehicles	38.97	31.98	40.37	39.96	38.53

Cooperative operating stats

	2017	2016	2015	2014	2013
Cost of purchased power	20,940,118	21,086,288	20,336,379	21,375,473	19,288,312
Total kwh purchased	257,841,947	266,309,947	261,056,793	264,975,114	255,808,182
Total kwh sold	241,792,161	249,400,772	244,394,601	247,355,283	239,023,178
Average number of members served (excl. comm.)	9,445	9,416	9,420	9,596	9,734
Average kwh use per month per member (excl. comm.)	1,019	1,068	1,044	1,053	1,038
Average cost per kwh to member (excl. comm.)	17.20	16.67	17.11	17.20	16.43

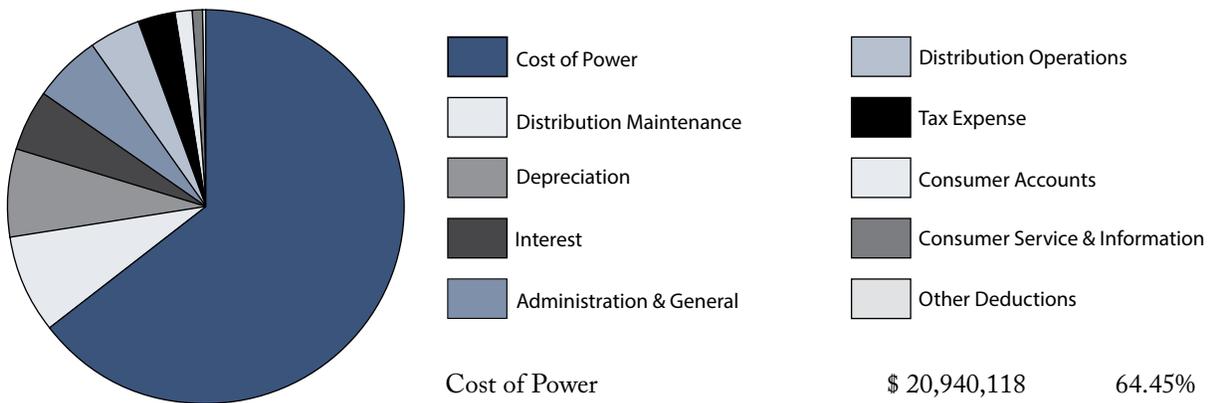
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Sales Revenue



Residential	\$ 20,098,614	59.18%
Large Commercial	\$ 8,159,532	24.02%
Small Commercial	\$ 5,445,425	16.03%
Other Revenue	\$ 209,806	0.62%
Street Lighting and Municipal	\$ 51,275	0.15%
Total	\$ 33,964,652	100.00%

Allocation of Total Cost



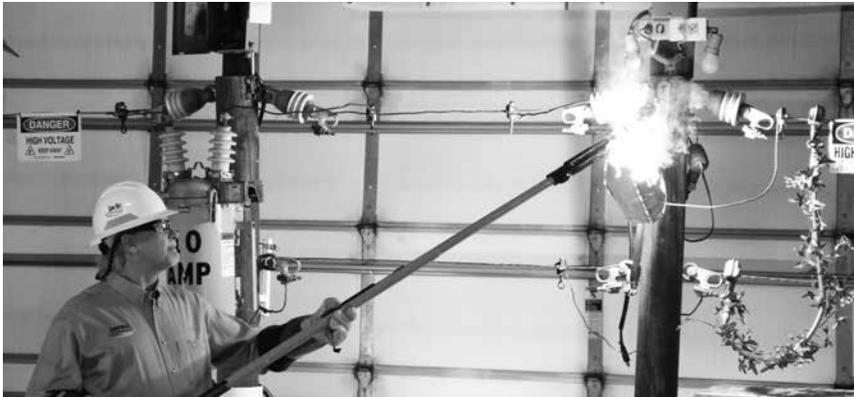
Cost of Power	\$ 20,940,118	64.45%
Distribution Maintenance	\$ 2,722,432	8.38%
Depreciation	\$ 2,371,764	7.30%
Interest	\$ 1,651,727	5.08%
Administration & General	\$ 1,831,008	5.64%
Distribution Operations	\$ 1,164,832	3.59%
Tax Expense	\$ 940,673	2.90%
Consumer Accounts	\$ 462,718	1.42%
Consumer Service & Information	\$ 380,934	1.17%
Other Deductions	\$ 22,627	0.07%
Total	\$ 32,488,833	100.00%

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Live Line Demo

**DON'T MISS THE HEAT,
SPARKS, ARCS,
AND EXPLOSIONS!**



Showtimes

10:00 - 10:30
10:30 - 11:00
11:00 - 11:30
11:30 - 12:00
12:00 - 12:30
12:30 - 1:00

Live Line Demo, Inc., will be providing electrical safety demonstrations for all ages in the 4-H Show Arena starting at 10:00 a.m. Learn how to be safe around electricity!



Your Cooperative employees ready to serve you, pictured left to right. **Front row:** Chris French, Heidi Hall, Christy Biddle, Vicki Blackwell, Tiffany Hancock, Marla Eversole, Gayla Dorsey, Pam Manship, Sarah McConnell, Phoebe Kates, Dannette Logue, Kevin Bernson, Josh Shallenberger, Jim Matlock, Van Bolin, Troy Hatfield, Dustin Theiss, Katie Stuckey, Diane Bunton and Marlow Stephens. **Back row:** Nick Sloan, John Miller, Kevin Carlen, Steve Darnell, Jamie Sharp, Matt Clark, Blake Knearem, Nick Ray, Dalton Brown, Dave White, Kevin Boehm, Cary Bryson, Derek West, Jake Kull, Andy McDonald, Roger Jones, Jerry Johnston, Tim Hardy, Brian Bunton, Larry Danneberger, Jim Mundell, Robert Freeman, Blake Summers, Terry Oldham, Jason Nohren, Brad Wright, Nick Dunaway, Lucas Morse and Adam Schrock. Missing from picture are Craig Atteberry, Luke Brown and Brian Chevalier.



Annual Meeting of Members Shelby Electric Cooperative

PROXY

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 8, 2018 , 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: _____, 2018

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

(Signature of active Class A member giving proxy)

(Title/office, if corporation or other entity)

Witness: _____

(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.)

Meeting will be held at the Shelby County 4-H Fairgrounds, Shelbyville, IL

Come and eat barbecue pork chops with your friends

(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.
- A representative from Air Evac Lifeteam will be on hand to answer any questions.
- Entertainment preceding the meeting by The Hood Family Band.
- All registered members will receive a \$10 bill credit - \$11 if you bring your registration card.
- Must be present to win door prizes in the drawing after the meeting.
- Live Line Demo, Inc.

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

Bring this card with you for an \$11 bill credit

If you bring this registration card with you and present it at the registration table, it will save you time and possibly eliminate standing in line to register.

