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March 8, 2010

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED
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PUBLIC SERVICE
COMMISSION

Re: Application of Shelby Energy Cooperative, Inc. for an Adjustment of Rates
Case No. 2009-0410

Dear Mr. Derouen:

Please find enclosed the original and seven (7) copies of the responses to the Commission's Order "Commission Staff's Second Data Request to Shelby Energy Cooperative, Inc." dated February 22, 2010.

Respectfully submitted,



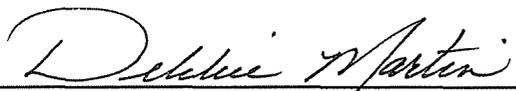
Donald Prather
Counsel for Shelby Energy Cooperative, Inc.

Enclosure

The undersigned, Debbie Martin, as President & CEO of Shelby Energy Cooperative, Inc., being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: March 8, 2010

SHELBY ENERGY COOPERATIVE, INC.

By: 
DEBBIE MARTIN, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Debbie Martin, as President & CEO for Shelby Energy Cooperative, Inc. on behalf of said Corporation the 8th day of March, 2010.



Notary Public, Kentucky State At Large

My Commission Expires: 2/1/11

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon the following:

Original and Seven Copies
Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

This 8th day of March, 2010.



ATTORNEY FOR
SHELBY ENERGY COOPERATIVE, INC.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibits B and C of the application, PSC No. 5, 8th Revised Sheet No. 15. Explain why the proposed increase in the Off-Peak Retail Marketing Rate (ETS) is not reflected on these pages. If Shelby Energy's intent is to raise the rate to \$.065190 per kWh, as shown in its newspaper notice, file a revised tariff sheet reflecting the proposed rate.

Response:

The proposed increase in the Off-Peak Retail Marketing Rate (ETS) is not reflected in Exhibits B and C due to an oversight. It is Shelby's intent to increase this rate and a revised tariff sheet reflecting the proposed rate is attached to this response.

Form for filing Rate Schedule

FOR All Territory Served
Community, Town or City

P.S.C. No. 5
8th Revised Sheet No. 15

Shelby Energy Cooperative, Inc.
Shelbyville, KY
Name of Issuing Corporation

Canceling P.S.C. No. 5
7th Revised Sheet No. 43

CLASSIFICATION OF SERVICE		Rate Per Unit
OFF-PEAK RETAIL MARKETING RATE (ETS)		
<u>AVAILABILITY OF SERVICE</u>		
<p>This special marketing rate is made as an attachment to Rates 11 and 12 and all other terms of those rate schedules apply except those covered here. It is available for specific marketing programs as approved by Shelby Energy's Board of Directors.</p>		(T)
<p>The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below listed off-peak hours. This rate is available to customers already receiving service under Rates 11 and 12. This marketing rate applies only to programs which are expressly approved by the Public Service Commission to be offered under the East Kentucky Power Cooperative's Wholesale</p>		(T)
<u>Months</u>	<u>Hours Applicable - EST</u>	(T)
May through September	10:00 P.M. to 10:00 A. M.	(T)
October through April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.	(T)
<u>Rates</u>		
The energy rate for this program is as listed below:		
All kWh	\$0.06519	(I)

DATE OF ISSUE _____

DATE EFFECTIVE; _____

ISSUED BY _____
Name of Officer

TITLE: President & CEO

Form for filing Rate Schedule

FOR All Territory Served
Community, Town or City

P.S.C. NO. 5
8th Revised Sheet No. 15

Shelby Energy Cooperative, Inc.
Shelbyville, Kentucky
Name of Issuing Corporation

Cancelling P.S.C. NO. 5
7th Revised Sheet NO 15

CLASSIFICATION OF SERVICE

OFF-PEAK RETAIL MARKETING RATE (ETS) Rate Per Unit

AVAILABILITY OF SERVICE:

This special marketing rate is made as an attachment to Rate ~~GS-1 & Rate 10~~ ^{Rate 11 + Rate 12} and all other terms of that rate apply except those covered here. It is available for specific marketing programs as approved by Shelby Energy's Board of Directors. (T)

The electric power furnished under this marketing program shall be separately metered for each point of delivery and is applicable during the below listed off-peak hours. This rate is available to customers already receiving service under Rate ~~GS-1 & Rate 10~~ ^{Rate 11 & Rate 12}. This marketing rate applies only to programs which are expressly approved by the Public Service Commission to be offered under the ~~Marketing Rate of East Kentucky Power Cooperative's Wholesale Power Rate Schedule E.~~ (T)

<u>Months</u>	<u>Hours Applicable - EST</u>
May through September	10:00 P.M. to 10:00 A.M.
October through April	12:00 Noon to 5:00 P.M. 10:00 P.M. to 7:00 A.M.

Rates

The energy rate for this program is as listed below:

All kWh ^{# 0.065190}
~~\$0.05342~~ per kWh

(1) (I)

DATE OF ISSUE July 21, 2009 DATE EFFECTIVE: August 1, 2009

ISSUED BY *Debbie Martin*
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. 2008-00536

TITLE President & CEO
PUBLIC SERVICE COMMISSION OF KENTUCKY
 EFFECTIVE 8/1/2009
 Dated July 15, 2009
 PURSUANT TO 807 KAR 5.011
 SECTION 9 (1)
 By *[Signature]*
 Executive Director

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSION STAFF'S SECOND DATA REQUEST

Questions:

File an index to be included with Shelby Energy's proposed tariff which lists each rule, regulation, and rate, and the tariff sheet on which each is located.

Response:

An index appropriate for Exhibit C in the Application is contained on page 2 and page 3 of this response.

**Shelby Energy Cooperative
Proposed Rates, Rules and Regulations Index - Exhibit C**

<u>Rates, Rules and Regulations</u>	<u>Sheet No.</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>PSC KY NO: 8 Revised Sheet No.</u>
Rates, Rules and Regulations	1-37			
<u>Section and Title:</u>				
20. Reconnection Charge Reconnect fee / Reconnect for disconnect fee	9	\$50.00	\$65.00	9
21 Collection of Delinquent Accounts Service call charge / Collection fee	9	\$25.00	\$30.00	9
After regular working hours service call charge / Overtime fee	9	\$75.00	\$75.00	
22. Checks Returned - Unhonored by Bank Service charge / Return check fee	10	\$10.00	\$25.00	10
42. Meter Testing Meter test fee	26	\$25.00	\$32.50	26

Shelby Energy Cooperative
Proposed Tariffs Index - Exhibit C

Rate Classification	Rate Schedule	Sheet No.	PSC KY NO: 5	
			Proposed	Revised Sheet
Large Power Service	2	5-8	T-N-D	5
Outdoor and Street Lighting	3	9-11	I	9
Standby Power	4	12-14	D	12-14
Off-Peak Retail Marketing	ETS	15-16	T-I	15
Large Industrial - (500 to 4,999 KW)	B1	17-19	No Change	-
Large Industrial - (5,000 to 9,999 KW)	B2	20-22	No Change	-
Large Industrial - (10,000 KW and over)	B3	23-25	No Change	-
Large Industrial - (500 to 4,999 KW) - "two-party" contracts	C1	26-28	No Change	-
Large Industrial - (5,000 to 9,999 KW) - "two-party" contracts	C2	29-31	No Change	-
Large Industrial - (10,000 KW and over) - "two-party" contracts	C3	32-34	No Change	-
Interruptible Service	Rider	35-38	No Change	-
Optional T-O-D Demand Service	22	39-42	I	39
UG Differential Cost	-	Pg 1 & 2	No Change	-
Cable Television Attachment	5	46-55	I - R	46
Voluntary Interruptible Service	Rider	56-59	No Change	-
Special Outdoor Lighting Service	33	60		
Renewable Resource Energy	24	60-61	No Change	-
Environmental Surcharge	ES	62-63	No Change	-
Net Metering Service	NM	96-124	No Change	-
Touchstone Energy Home Program	-	1	No Change	-
Cogeneration and Small Power Production	= > 100 kW	90-92	No Change	-
Cogeneration and Small Power Production	< 100 kW	93-95	No Change	-
Direct Load Control - Residential / Commercial	DSM 3(a)(b)	96-102	No Change	-
General Service	11	103-104	N	103-104
Residential Service	12	105-106	N	105-106

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Provide a reconciliation of the amount of increase per class shown in Exhibit D with the amount per class shown in Exhibit G, p. 1 of 2.

Response:

Provided below is a comparative schedule for the proposed increase amounts for the old rates and the new rates.

REVENUE SUMMARY		
FOR OLD RATES 1 & 10 AND NEW RATES 11 & 12		
	<u>Normalized</u>	<u>Proposed</u>
<u>Old Rates</u>		
Rate 1	10,312,537	10,807,653
Rate 10	12,055,527	13,745,983
Total	22,368,064	24,553,636
<u>New Rates</u>		
Rate 12	19,884,486	22,216,704
Rate 11	2,117,469	2,336,931
Total	22,001,955	24,553,635

The amount of increase for the new rates in the above schedule looks to be \$2,551,680. However, the actual increase amounts to \$2,185,571 with the

difference amounting to \$366,109. This difference is due to the reclassification of customers from the old rates to the new rates. If the reclassification had been completed without the proposed change in rates, Shelby Energy would have suffered a reduction in revenue of \$366,109. However, the true increase is equal to the proposed revenue for Rates 11 and 12 minus the normalized revenue for the old Rate 1 and 10.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit H of the application, the Direct Testimony of Debbie Martin, at questions 12. Ms. Martin provides the proposed increase as \$2,262,336. Confirm that the increase being requested by Shelby Energy is \$2,268,197, as shown in Exhibit J.

Response:

The amount of increase listed in Exhibit J of \$2,268,197 is the amount of increase being requested by Shelby Energy.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit H of the application, the Direct Testimony of James R. Adkins.

a. Questions:

Refer to page 7, Mr. Adkins states that, in the cost-of-service study ("COSS"), the minimum-size method was used for Accounts 364, Poles and 365, Overhead Conductor; and that the zero-intercept method was used for Account 368, Transformers. Explain why Mr. Adkins chose two different methods to determine the demand and consumer-related components.

a. Response:

The zero-intercept method is preferable method to utilize in the determination of the demand-related and consumer-related components. However, sometimes the results of the zero-intercept method are not realistic to use in a COSS. The regression equation provides a zero-intercept that is a negative number or the regression equation provides an amount for the minimum size amount that is not appropriate. One major reason for this result in Shelby Energy's case is the way that Shelby Energy maintains its

inventory for Account 364, poles. Poles of more than one size have been combined together and this makes it less amenable for using the zero-intercept method in the determination of the demand and consumer-related components. The results of the regression equation for Account 365, Overhead Conductor were not usable for the determination of the demand and consumer-related components. One general rule that is used in these types of cost of service studies, assuming that the results of the zero-intercept method are not far superior or appropriate than the results of the minimum size method, is to use the method that will produce the lower consumer-related component.

b. Question:

Refer to pages 11 and 12. Mr. Adkins states that Shelby Energy is proposing that the Off-Peak Retail Marketing Rate be set based on the results of the COSS rather than set at 60 percent of the residential energy rate.

(1) State the number of customers on this rate and whether or not it was marketed to those consumers based on the rate being 60 percent of the residential energy rate.

(2) Other East Kentucky Cooperative, Inc. ("EKPC") cooperatives have indicated that EKPC has suspended the program. Explain whether Shelby Energy intends to continue the program if EKPC has suspended it.

(3) Does Shelby Energy believe that customers will be deterred from choosing this rate if it is approved as its proposed higher percentage of the residential energy rate?

b. Response:

(1) Shelby Energy had 84 customers on this schedule as of the end of the test year. Shelby has not marketed this program on the basis of its rate being equal to sixty percent of the residential energy rate.

(2) EKPC discontinued its discounted wholesale rate for ETS purposes in Case No. 1994-00336 effective January 1, 1995. In that case EKPC proposed an off-peak energy rate for Schedule E that was equivalent to the discounted ETS rate. Shelby plans to continue this program but with the proposed rate that is based on a cost-of-service study and not as a percentage of the residential energy rate. The problem with this type of rate approach is that the distribution cooperative is able to pass on only a portion of its increase in wholesale power rates due to Fuel Adjustment Clause ("FAC") changes. As an example, when EKPC increases its wholesale energy rate by one cent due to an

increase in base fuel rate by one cent, the distribution cooperative is able to pass on only six tenths of one cent and losing four tenths of one cent. This fact makes ETS programs much less attractive for distribution cooperatives.

(3) Shelby Energy believes that customers will not be deterred from choosing this option because the proposed rate is still significantly lower than the proposed residential energy rate.

c. Question:

Refer to page 13. In the middle of answer 21, Mr. Adkins states, "The proposed rate design may contain the least amount of justification of (sic) because it does deviate from the COSS much than the other two areas." Explain this statement.

c. Response:

A clarification on this statement is provided as follows. The COSS has been utilized in this rate application for three purposes: the determination of revenue requirements for all rate classes, the allocation of the requested increase to the various rate classes, and

the rate design for each rate class. The statement in the testimony of Mr. Adkins alludes to the fact that the overall proposed rate design in this application does not follow the results of the cost service as study as closely as does the determination of revenue requirements or the allocation of the requested increase amount. This opinion is predicated primarily upon the fact that the customer charge requested for Rate 12, the new residential rate, is much, much less than is substantiated in the COSS.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit J of the application.

a. Question:

Refer to page 1 of 2. The following rates appear in Shelby Energy's tariff but are not included in the revenue analysis: Standby Power Rate – Rate 4; Large Industrial Rate – Rate B3; Large Industrial Rate – Rate C1; Large Industrial Rate – Rate C2; Large Industrial Rate – Rate C3; Optional TOD Demand – Rate 22; and Special Outdoor Lighting Service – Rate 33. Confirm that there are no customers taking service under any of these rates.

a. Response:

There are no customers taking service under any of these rate schedules.

b. Question:

Shelby Energy has a tariff rider for Renewable Resource Energy – Rate 24. State the number of customers who have chosen this rider as of the end of each month of the test year, the amount of revenue received during the test year and the account in which this revenue is recorded.

b. Response:

The rate schedule identified as the Renewable Resource Energy – Rate 24 is identified in Exhibit J as Envirowatts and the amount revenue recorded in Account 440.10 for the test year was \$3,497.00. The customer count for each month of the test was the following:

August – 129	February - 132
September – 129	March - 132
October – 130	April - 133
November – 129	May - 133
December - 130	June – 133
January – 131	Jul - 132

c. Question:

Refer to pages 2, 3, 4, and 7 of 12. Explain why normalized revenues for the proposed Rates 11 and 12 do not equal the normalized revenues for current Rates 1 and 10.

c. Response:

The normalized revenues for the old Rates 1 and 10 will not equal the normalized revenues for the new Rates 11 and 12 because of the reclassification of customers and the rate designs for the rate classes being significantly

different. Listed below is a summary of the normalized and proposed rates for the old rate classes and for the new rate classes.

REVENUE SUMMARY		
FOR OLD RATES 1 & 10 AND NEW RATES 11 & 12		
	<u>Normalized</u>	<u>Proposed</u>
<u>Old Rates</u>		
Rate 1	10,312,537	10,807,653
Rate 10	12,055,527	13,745,983
Total	22,368,064	24,553,636
<u>New Rates</u>		
Rate 12	19,884,486	22,216,704
Rate 11	2,117,469	2,336,931
Total	22,001,955	24,553,635

The normalized revenues for new Rates 11 and reflect that in the reclassification process all residential customers from old Rates 1 and 10 were placed in the new Rate 12 and all non-residential customers in old rates 1 and 10 were placed in the new Rate 11. The current rates for those rate classes were then applied to the billing quantities for the reclassified customers. This reclassification process would have resulted in a revenue decrease for Shelby Energy of \$366,109 or the total revenues for the normalized old rate classes (Rates 1 and 10) minus the total revenues for the normalized new rate classes (Rates 11 and 12).

d. Questions:

Refer to page 11 of 12. Explain why this page shows a rate of \$.02825 per kWh when Shelby Energy's Renewable Resource Energy Rate – Rate 24 is \$.0275 per kWh.

d. Response:

The amount on page 11 of 12 should be changed to indicate an energy rate of \$.0275 for Rate 24. The rate of \$.02825 is an error.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Provide a copy of Exhibits J and R electronically on CD-ROM in Microsoft Excel format with all formulas in tact and unprotected.

Response:

Attached to this filing are Exhibits J and R in an electronic format on a CD-ROM.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit R of the application. Describe any differences in methodology used in the COSS submitted in this case relative to recent COSSes prepared by Mr. Adkins in rate cases of other EKPC distribution cooperatives.

Response:

The methodology used in the COSS in this case is the same as the methodology used in the rate cases of other EKPC distribution cooperatives.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit R, page 2 of 30.

a. Question:

Adjusted test-year total distribution operation expenses on this page total \$1,336,612. However, Exhibit S shows total distribution expenses to be \$1,336,483, a difference of \$27,871. Explain the discrepancy.

a. Response.

Exhibit S contains a statement of operations that is presented in summary form while Exhibit R, page 2 of 30 is based on more detailed accounts. In the review of the expenditures in each account on page 2, it was determined that some further investigation was needed on the level of expenses. Account 586, meter expenses revealed that it contained some expenses that should have been accounted for in Account 903, consumer records and collections. The amount of this change or reduction in Account 586 expenses was \$27,871.

b. Question:

Adjusted test year total consumer accounts expenses on this page total \$751,586. However, Exhibit S shows total consumer accounts expenses to be \$723,717, a difference of \$27,870. Explain this discrepancy.

b. Response:

Account 903 was increased by the amount of 27,870 for the reasons stated above in the response to Item 9a. The amount of decrease in Account 586 equals the amount of increase in Account 903.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit R, page 6 of 30. Explain why Account 585, Street Lights is allocated 100 percent to the Meters function.

Response:

Account 585 should have been allocated to the Meters function and not to Street Lights.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit R, page 8 of 30, footnote 6 at the bottom of the page.

a. Question:

The first number under the Total column, \$17,024,566, appears to be the total of Overhead Conductors and Devices rather than Poles, Towers and Fixtures as labeled. Confirm that this total is mislabeled.

a. Response

It is correct that this is the total of Overhead Conductors and Devices. Poles, Towers and Fixtures is incorrect.

b. Question

The second number under the Total column, \$307,519, appears to be the total of Underground Conduit rather than Overhead Conductors as labeled. Confirm that this total is mislabeled.

b. Response

It is correct that the second number under the Total column in the amount of \$307,519 is mislabeled as Overhead Conductor when it should be Underground Conduit.

c. Question

Explain where in the COSS the allocations calculated in footnote 6 are used.

c. Response

These allocations have not been used in this COSS. None of footnote 6 has been used in this COSS.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question

Refer to Exhibit R, page 9 of 30. State whether or not the numbers in the Amount column represent payroll dollars assigned to the accounts shown. If not, explain the origin of the numbers in that column.

Response

The numbers in the amount column do represent payroll dollars.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit R, page 12 of 30. Explain why the accumulated depreciation amounts of \$9,731,959 and \$1,679,194 shown on this page (totaling \$11,411,153) do not equal total accumulated depreciation of \$11,336,003 reported in Exhibit S, page 2.

Response:

Listed below is a schedule that provides how these amounts were developed and the source of this information from the application.

ACCUMULATED DEPRECIATION		
<u>Reference</u>	<u>Distribution Plant</u>	<u>General Plant</u>
Exhibit Z of Application Acct 108.60 Acct 108.70	9,689,799	1,678,563
Exhibit R of Application, Schedule R Page 3 of 30		
Line 56 Depreciation Adjustment	42,160	
Line 57 Depreciation Adjustment		631
	9,731,959	1,679,194

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit R, page 17 of 30, table No. 2. Explain how the minimum size of .09924 was determined.

Response:

The amount of .09924 comes from page 16 of 20 in Schedule R in the schedule labeled as "Account 365 – Overhead Conductor" and it the per unit price for 8 ACWC, the historical minimum size conductor for Shelby Energy.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit R, pages 19 and 20 of 30.

a. Question:

Explain how Purchased Power Energy was allocated to the customer classes. The allocation percentages do not appear to match the allocation percentages calculated on page 21 of 30.

a. Response:

Shelby Energy is billed on the basis of EKPC's wholesale rate Schedule E-2 and Schedule B. Provided below is a schedule on purchased power that has been utilized with the tables presented in pages 21 and 22 of Exhibit R in the application. This schedule is based on Exhibit 16 in the Application.

PURCHASED POWER TABLE 1 FOR THE ALLOCATION OF THIS EXPENSE TO RATE CLASSES					
	<u>Demand</u>	<u>Energy</u>	<u>Green Power</u>	<u>ETS</u>	<u>Total</u>
Schedule B	1,874,350	7,448,668			9,323,018
Schedule E	4,159,044	15,526,948	3,285	24,550	20,185,715
Total	6,033,394	22,975,616	3,285	24,550	29,508,733
	<u>Schedule B</u>	<u>Schedule E</u>		<u>ETS</u>	<u>Total</u>
Demand Costs					
Demand Chrg	1,874,350	4,159,044			6,033,394
Load Center	146,598	325,290			471,888
Total	2,020,948	4,484,334			
Energy Costs	7,448,668	15,526,948		24,550	23,003,451
	9,469,616	20,011,282		24,550	29,508,733

Table 2 below provides the allocation of the wholesale energy costs for EKPC Schedule E to Shelby Energy's Rate Classes.

PURCHASED POWER ALLOCATION TABLE 2					
		1	2	10	3
EKPC	<u>Total</u>	<u>General</u>	<u>Large Power</u>	<u>Optional DSM</u>	<u>Outdoor & St</u>
<u>Schedule E</u>	<u>Amount</u>	<u>Service</u>	<u>Service</u>	<u>Schedule</u>	<u>Lighting</u>
Allocation Percent					
Page 21		36.87%	13.23%	49.08%	0.81%
Energy charge	15,526,948	5,724,719	2,054,553	7,621,360	126,316

Table 3 below provides the allocation of the wholesale energy costs for EKPC Schedule B to Shelby Energy’s Rate Classes and the direct assignment of wholesale power costs to the ETS and Green Power (Renewable Resource Energy) rate classes.

PURCHASED POWER ALLOCATION TABLE 3					
		B-1	B-2		
		Large	Large		
<u>Schedule B</u>		<u>Industrial</u>	<u>Industrial</u>	<u>ETS</u>	<u>Green</u>
Allocation Percent					<u>Power</u>
Page 22		76.29%	23.71%		
Energy Charge	7,448,668	5,682,524	1,766,144	24,550	3,285

b. Question:

Explain how Purchased Power Demand was allocated to the customer classes. The allocation percentages do not appear to match the allocation percentages calculated on page 22 of 30.

b. Response:

Reference Table 1 in the response to 15a above. Provided below is two tables similar to Tables 2 and 3 which provides the allocations of the Purchased Power Demand costs.

Table 4 below provides the allocation of the wholesale demand costs for EKPC Schedule E to Shelby Energy’s Rate Classes.

PURCHASED POWER ALLOCATION TABLE 4					
EKPC Schedule E	Total Amount	1 General Service	2 Large Power Service	10 Optional DSM Schedule	3 Outdoor & St Lighting
Allocation Percent Page 21		48.76%	9.68%	41.18%	0.38%
Demand Charge	4,484,334	2,186,729	434,091	1,846,624	16,891

Table 3 below provides the allocation of the wholesale demand costs for EKPC Schedule B to Shelby Energy’s Rate Classes.

PURCHASE POWER ALLOCATION TABLE 5			
Schedule B		B-1 Large Industrial	B-2 Large Industrial
Allocation Percent Page 22		75.11%	24.89%
Energy Charge	2,020,948	1,517,955	502,993

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit R, page 24 of 30, the Transformers table. Explain why the cost of the minimum transformer would be higher for Rate 10, Optional DSM Rate, than for Rate 1, General Service.

Response:

A difference in the cost of the minimum transformer for Rate 10, Optional DSM Rate and Rate 1, General Service exists for a several reasons. One, the customers selecting Rate 1, General Service, is normally lower usage customers. Two, they chose Rate 1 because it is a less expensive choice for them. The average energy usage for Rate 1 for the test year is approximately 1,030 kWh and 1,710 kWh for Rate 10. And three, the selection of the minimum size transformer is determined by the appropriate personnel of Shelby Energy Cooperative.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

:

Question:

Refer to Exhibit R, page 25 of 30. For both the Services and Meters tables, explain why the costs for the Large Power Rate Schedules B-1 and B-2 are zero.

Response:

The meters for these size loads are furnished by EKPC for load research purposes and the retail consumer pays for the services in these rate schedules.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Refer to Exhibit R, pages 26 and 27 of 30.

a. Question:

Refer to the Meter Reading table at the bottom of page 26. The amounts in the Expense Allocated column do not equal the total shown of \$326,264. Explain how the amounts in this column were calculated.

a. Response:

The wrong amount was utilized and equals the amount is the same as totaled in the schedule above of \$347,309. An incorrect input was made.

b. Questions:

Refer to the Consumer Records table at the top of page 27. The amounts in the Expense Allocated column do not equal the total shown of \$296,112. Explain how the amounts in this column were calculated.

b. Response:

The wrong amount was utilized and equals the amount is the same as totaled in the schedule above of \$302,342. Below are schedules which compare the original with a revised based on corrected amounts.

REVISED						
Accounting Services						
Rate Class		Meter Reading	Consumers Records	Total	Allocation Percent	
1	General Service	125,320	103,560	228,879	36.78%	
	ETS Marketing Rate	618	438	1,056	0.17%	
2	Large Power Service	869	1,128	1,997	0.32%	
10	Optional DSM Rate	199,104	176,284	375,388	60.32%	
B-1	Large Power Rate	353	313	666	0.11%	
B-2	Large Power Rate	-	17	17	0.00%	
3	Outdoor & St. Lighting		14,372	14,372	2.31%	
				-	0.00%	
					0.00%	
					0.00%	
-	-				0.00%	
		326,264	296,112	622,376	100%	

ORIGINAL						
Accounting Services						
Rate Class		Meter Reading	Consumers Records	Total	Allocation Percent	
1	General Service	133,403	105,738	239,141	36.81%	
	ETS Marketing Rate	658	447	1,106	0.17%	
2	Large Power Service	925	1,152	2,077	0.32%	
10	Optional DSM Rate	211,947	179,993	391,940	60.33%	
B-1	Large Power Rate	376	319	696	0.11%	
B-2	Large Power Rate	-	18	18	0.00%	
3	Outdoor & St. Lighting		14,674	14,674	2.26%	
				-	0.00%	
					0.00%	
					0.00%	
-	-				0.00%	
		347,309	302,342	649,651	1.00	

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit R, page 28 of 30. Explain how "Other Revenue" was allocated to the rate classes.

Response:

Other revenue has been allocated to Rates 1, 3 and 10 proportional on the basis of their base rate revenue from current rates.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit X of the application, page 1 of 7.

- a. Provide a detailed breakdown of Accounts 454 and 456.
- b. For Accounts 454 and 456, provide the July 31 balances of these accounts for the most recent five-year period.

Responses:

a.

Account 454, Rent from electric property

Joint use telephone attachments	157,425
CATV attachments	45,564
Ky Data Link	9,481
	<u>212,470</u>

Account 456, Other electric revenue

Collection fee	9,680
Meter test fee	25
Reconnect fee	27,350
Return check charge	4,990
Credit report fees	110
Sales tax compensation	12,905
Sales and use tax	<u>(38,021)</u>
	<u>17,039</u>

b.

	Account Number	
	<u>454</u>	<u>456</u>
Test year	212,470	17,039
2008	309,895	17,578
2007	255,082	39,190
2006	229,179	29,845
2005	102,904	87,122
2004	192,113	71,504

During 2007 and 2008 Shelby back billed Bellsouth for unauthorized attachments in Account 454. This was a one-time catch up. The level for the test year is representative of the ongoing billings for attachments.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 13, page 3 of 3.

- a. Under the "Cost of Money," Shelby Energy references its last general rate case as Case No. 8361. Did Shelby Energy intend to reference Case No. 8713?
- b. State where in the Order in Shelby Energy's most recent general rate case the 6.83 percent is shown.

Responses:

a.

Shelby intended to reference Case No. 8713.

b.

Page 10 of the Order references that Shelby should attain a rate of return of 9%. Shelby elected to use the rate of return that will be allowed in this application. Shelby should have used 6.40% instead of 6.43%.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit 14, page 4 of 6. The first paragraph refers to marking a customer account as "NO CHECK." Explain the meaning of this term and the location of this policy in Shelby Energy's tariff.

Response:

"NO CHECK" is used to note a customer's account who has made payment with four checks within a 12 month period that have been returned by a financial institution as unpaid for various reasons such as insufficient funds, account closed , refer to maker, etc.

Sheet number 10 of the Rules and Regulations for Shelby Energy is provided as page 2 of this response. Please refer to the last sentence of Section 22, Checks Returned – Unhonored by Bank of this page for the policy which states "The Cooperative shall have the right to refuse to accept checks in payment of an account from any consumer that has demonstrated poor credit risk".

PUBLIC SERVICE COMMISSION
PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 04 1997
JUN 04 1997

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Stevan D. Bell
SECRETARY OF THE COMMISSION

RULES AND REGULATIONS

Shelby Energy Cooperative, Inc.
Shelbyville, Kentucky

Name of Issuing Corporation

FOR All Territory Served
P.S.C. No. 8
Original SHEET NO. 10
CANCELLING P.S.C. NO. 7
SHEET NO. _____

Item No.22
Page 2 of 2

Witness: Jim Adkins

22. CHECKS RETURNED - UNHONORED BY BANK

When a check received in payment of a consumer's account is returned unpaid by the bank for any reason, the Cooperative will notify such consumer by letter, stating the amount of the check and reason for its return. Returned checks will then be considered the same as a delinquent account, and if payment in full is not received for the check within ten (10) business days after notification, service may be discontinued as prescribed under the section of Rules #16, #17, #21, and #25 dealing with unpaid accounts. A \$10.00 service charge shall be added to all returned unhonored checks. The Cooperative shall have the right to refuse to accept checks in payment of an account from any consumer that has demonstrated poor credit risk.

23. TAMPERING

If meters or other property belonging to the Cooperative are tampered or interfered with, the consumer being supplied through such equipment shall pay the amount which the Cooperative may estimate is due for service rendered, but not registered on the Cooperative's meter and for such replacement and repairs as are necessary, as well as for costs of inspection, investigation, and protective installations.

24. NOTICE OF TROUBLE

The consumer shall give immediate notice at the office of the Cooperative of any interruption or irregularities or unsatisfactory service and of any defects known to the consumer.

The Cooperative may, as it deems necessary, suspend supply of electrical energy to any consumer or consumers for the purpose of making repairs, changes or improvements upon any part of its system.

25. DISCONTINUANCE AND REFUSAL OR TERMINATION OF SERVICE

Any member desiring service discontinued or changed from one address to another shall give the Cooperative three (3) days' notice, in person, writing, or telephone, provided such notice does not violate contractual obligations or tariff provisions. The consumer shall not be responsible for charges for service beyond the three (3) day notice period if the consumer provides reasonable

DATE OF ISSUE: June 11, 1997

EFFECTIVE DATE: June 4, 1997

ISSUED BY: Dudley Bottom Jr.
Name of Officer

President & General Manager
Title

Shelbyville, KY 40065
Address

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit 18 of the application. Explain why the ETS rate is not included in this exhibit.

Response:

The number of ETS customers is included in Rate 1, General Service. The change in the number of customers is reflected in the adjustment for the increase in the number of those customers.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Shelby Energy's January 25, 2010 filing, which included revised tariff sheets.

a. Refer to Revised Exhibit B-3. In Revised Exhibit B-3, Shelby Energy changed a sentence under Section 21, Collection of Delinquent Accounts, to state that, if a customer is disconnected for nonpayment, in addition to being charged a reconnect fee of \$35, the customer will also be charged a \$30 collection fee. Explain why it is appropriate to charge a collection fee to customers who pay their unpaid bills and reconnect fees by mail or in person without necessitating a collection trip by utility personnel.

b. Refer to Revised Exhibit B-4(4). This Residential Service Rate 12 includes a special rule that pertains to motors having a rated capacity in excess of ten or five horsepower. Explain the necessity of this rule in a residential rate schedule.

Responses:

a.

Although the charge is referred to as a "collection fee", Shelby Energy uses it interchangeably with "service call charge" based on the steps involved with collecting or

payment, a service call charge/collection fee of \$30 is charged for the trip whether the account is collected or disconnected. If the account is collected in the field, the \$30 service call charge/collection fee is the only charge to the member. If an account is disconnected for non-payment and payment is later made in the office, by mail or in the field, a reconnect fee of \$35 is charged in addition to the initial service call charge/collection fee of \$30. In this situation, the account usually requires maintenance to the billing software such as recording an additional deposit, reestablishing the account in active records, initiating a service order at the time of disconnect for later verification that account remains inactive, and another trip is required by cooperative field personnel to reconnect the account.

b.

This special rule should be taken out and it was left in by mistake in the development of the new tariff.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit S, page 4 of the application, which shows the amount of the proposed increase based on attaining a TIER of 2.0X.

a. Describe the methodology employed by Shelby Energy in determining that 2.0X was the appropriate TIER on which to base its requested rate increase.

b. Is Shelby Energy aware of any studies performed by the Rural Utilities Service ("RUS") or the National Rural Utilities Cooperative Finance Corporation ("CFC") on the subject of the appropriate TIER level for an electric distributive cooperative? If yes, identify the studies and when they were performed.

c. Shelby Energy's request in this case for a 2.0X TIER would produce net margins of roughly \$1.7 million. For each of the five calendar years immediately preceding the test year, provide the approximate net margins that would have been realized if Shelby Energy had achieved a TIER of 2.0X.

Responses:

a.

A TIER of 2.0x will allow Shelby to increase its margins, which will result in an increase in equity. This will allow Shelby to continue to refund capital credits, meet its mortgage requirement for TIER and DSC, and increase equity ratios.

b.

Shelby is not aware of any studies performed by either RUS or CFC that addresses an appropriate TIER level. Both have minimum requirements in their mortgage agreements. CFC will periodically address equity levels, but does not give a specific or target level that is appropriate, but does give ranges. This is generally about 35%.

c.

Margins had a TIER of 2.0x been achieved for the past 5 years are as follows:

	Margins for <u>2.0x TIER</u>
2008	1,669,016
2007	1,690,546
2006	1,745,199
2005	1,350,168
2004	1,267,282

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit X of the application, which provides a comparison of income statement account levels for the test period and the 12 months immediately preceding the test period.

a. Page 2 of 7 shows that Account 593.00, Maintenance of Overhead Lines, increased by \$291,689, from \$625,640 to \$917,329, from 2008 to the 2009 test period. Provide a detailed explanation for why the expense increased by this magnitude.

b. Page 2 of 7 also shows that Account 593.10, Right-of-Way Maintenance, increased by \$109,370, from \$522,870 to \$632,240, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

c. Page 2 of 7 also shows that Account 594.00, Maintenance of Underground Lines, decreased by \$32,793, from \$78,731 to \$45,938, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense account decreased by this magnitude.

d. Page 3 of 7 shows that Account 903.00, Consumer Records & Collections Expense, decreased by \$73,960, from \$331,613 to \$257,653, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense decreased by this magnitude.

e. Page 3 of 7 also shows that Account 908.00, Customer Assistance Expense, increased by \$27,747, from \$57,836 to \$85,583, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

f. Page 3 of 7 also shows that Account 909.00, Informational/ Instructional Expense, increased by \$6,554, from \$14,585 to \$21,139, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

g. Page 4 of 7 shows that Account 923.00, Outside Services Employed, increased by \$169,923, from \$45,396 to \$215,319, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

h. Page 6 of 7 shows that Account 421.10, Gain on Disposition, increased by \$200,710, from (\$90,000) to \$110,710, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

i. Page 5 of 7 shows that Account 427.20, CFC Interest, decreased by \$42,060, from \$259,175 to \$217,115, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense decreased by this magnitude.

j. Page 6 of 7 shows that Account 418.10, Subsidiary Income, increased by \$48,323, from \$2,399 to \$50,722, from 2008 to the 2009 test period. Provide a detailed explanation for why this expense increased by this magnitude.

Responses:

26 a.

Account 593, Maintenance of Overhead Lines increased by \$291,689. A large portion of this amount is accounted for by the wind storm in September, 2008 and the ice storm of 2009 totaling \$236,537, which was not reimbursable by FEMA. The remaining \$55,152 is associated with increased expenses for safety equipment & supplies, tools, construction department parts and supplies and other minor maintenance items. The cost for the calendar year of 2008, excluding storms, was \$674,514 and this is in line with the 2010 budget projections of \$680,796 per month.

26 b.

Account 593.10, Right-of-Way Maintenance increased by \$109,370. Shelby Energy has enhanced its right-of-way management plan by being more aggressive in trimming of trees and vegetation. This has resulted in increased right-of-way costs of 6.5%, totaling \$40,790, from calendar year 2008 to 2009. In addition, the 2010 budget reflects an 11.7%

increase from 2009. It is the goal of the cooperative to improve service reliability and shorten duration of outages for members. The cooperative is reviewing plans to address trees considered to be "danger trees" such as those outside the cooperative's easement but represent a risk to primary power lines. The increased attention to right-of-way by the cooperative and gaining participation of membership will improve restoration time during outage situations.

26.c.

Account 594.00, Maintenance of Underground Lines decreased by \$32,793. During the past several years Shelby Energy has worked to replace direct-buried underground lines due to problems that have developed with this type of installation. These underground lines were being done as small projects on an annual basis and work tapered off in late 2008. No projects were addressed in 2009, because of the restoration and maintenance demands related to the wind and ice storm. An average cost for a calendar year based on 2005 – 2008 is approximately \$65-68,000 annually for maintenance to underground lines.

26.d.

Account 903, Consumer Records & Collections Expense decreased by \$73,960 in part because Shelby Energy previously provided postage-paid envelopes with monthly statements for customers to pay bills. This service was discontinued in January, 2009 and cost approximately \$36,000 on an annual basis. Another substantial factor was a transition in payroll labor distribution because of employee promotions and transitions to

different positions within the cooperative which resulted in a total of \$37,500 from 2007 to 2009. Taking these items into consideration and reviewing the average expense for 2008 and 2009 of \$271,340 the 2010 budget reflects a total of \$270,493 which appears to be within a normal range.

26.e.

Account 908, Customer Assistance Expense increased by \$27,747 a Customer Service Representative was hired, a former employee, and the majority of this variance is reflected in payroll and benefits for this employee of approximately \$23,743.

26.f.

Account 909, Informational/Instructional Expense increased by \$6,554 because member safety programs were substantially increased in 2008 and in 2009 for a total cost of \$4,100, advertising in the newspaper was increased by approximately \$1,500 and member education activities by approximately \$1,000.

26.g.

Account 923, Outside Services Employed increased by \$169,923. A large portion was spent on attorney fees to assist with programs to communicate and share information with employees about working without a Union along with negotiating the bargaining unit agreement. Fees attributable to this work were \$119,341. Consultants were obtained to assist with activities resulting from the changes needed to improve processes and procedures associated with safety and other recommendations of the management audit

with fees totaling \$9,407. Consulting fees for professional engineering services totaled \$33,542 and human resources consulting fees totaled approximately \$7,500.

26.h.

Shelby records a gain or loss on the trade, sale, or disposal of general plant items. Sometimes there are gains, and sometimes there are losses on these transactions. Shelby expects that it will continue to trade vehicles in the future.

26.i.

During February 2009, Shelby under-accrued interest expense by approximately \$20,000. This has been adjusted in months after the test year.

26.j.

Account 418.10, Subsidiary income, reflects positive margins from Shelby's subsidiary. The subsidiary made more net income during 2008 than in 2007. The amount reflected in this account represents Shelby's 75% interest in the subsidiary.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 1 of the application.

- a. Provide a copy of the union contract.
- b. Refer to pages 3 and 4 of the exhibit, and the column labeled Storm and Christmas.

- (1) Provide a detailed explanation for the amount of \$1,709 listed for most of Shelby Energy's employees.

- (2) Why did some employees receive a different amount or none at all?

- (3) How was the amount of \$1,709 determined?

- c. Page 5 shows that employee number 1308 was hired during the test year. However, this employee number does not appear on the Employee Earnings and Hours schedule on pages 3 and 4.

- (1) Explain this discrepancy.

- (2) If employee 1308 has not been included in the schedules filed but should have been, provide corrected schedules for all schedules affected by this discrepancy.

- (3) For what position was employee 1308 hired?

- (4) Provide the date of hire for the new employees.

Response:

27.a.

A copy of the Union contract is contained on pages 4 through 44 of this response.

27.b(1).

The heading for this column should have read "**Performance Bonus and Christmas**" instead of "Storm and Christmas". Based on four specific areas of performance by Shelby Energy employees, active employees were provided an opportunity to participate in a performance bonus program.

27.b(2)

Each full-time active employee, those who had completed the required 6 month training period, participated at the same amount totaling \$1,709. This amount consisted of the performance bonus amount of \$1,559 plus a Christmas gift of \$150. New employees, those who had not completed the required 6 month training period, did not participate in the performance bonus. However, these employees did receive 50% of the Christmas gift totaling \$75. Regular part-time employees participated in the bonus program on a prorated basis using the number of hours worked as a percentage of hours normally worked by a full-time employee.

27.b(3)

Included with this response is page 45 and page 46 which provides the method used to calculate the performance bonus.

27.c(1)

A former employee of 15 years was rehired at Shelby Energy. When entering the personal information for this employee into the software system, a new employee identification number of # 307 was created in error. Employee No. 1308 and 307 refer to the same employee.

27.c(2)

The employee was included in the schedules as employee # 307.

27.c(3)

Customer Service Representative

27.c(4)

<u>Employee ID</u>	<u>Date of Hire</u>	<u>Position</u>
#1308/307	05/01/09	Customer Service Representative
#802	11/07/08	IT Specialist
#1201	05/18/09	Staff Accountant
#211	01/04/10	Apprentice Line Technician
#1310	12/21/09	Apprentice Line Technician
#1911	11/02/09	Apprentice Line Technician
#1912	11/16/09	Apprentice Line Technician

1/13/2010

Item No. 27

Page 4 of 46

Witness: Debbie Martin

AGREEMENT

BETWEEN

SHELBY ENERGY COOPERATIVE, INC.

AND

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
LOCAL UNION 2100

EFFECTIVE DATES: September 2, 2009 through September 1, 2012

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AGREEMENT

THIS AGREEMENT, made and entered into as of this 2nd day of September, 2009, by and between SHELBY ENERGY COOPERATIVE, INC. (hereinafter referred to as the "Cooperative"), and INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL UNION 2100 (hereinafter referred to as the "Union").

ARTICLE 1

PREAMBLEStatement of Principles and Union Responsibilities

The Union recognizes the responsibilities imposed on it as the bargaining agent for the employees covered by this Agreement, and realizes that in order to provide maximum opportunities for continuing employment, good working conditions and good wages, the Cooperative must be in a strong marketing position, which means that it must provide quality services to its customers at the lowest possible costs and otherwise be able to operate its business efficiently, economically and competitively. The Union assumes its full responsibility in the attainment of these goals. The Union therefore agrees that it will cooperate with the Cooperative and support its efforts to assure a full day's work on the part of employees and require employees to recognize and abide by the rules and regulations, board policies and operating procedures established by the Cooperative. The Union will actively work to avoid absenteeism and any other practices which hurt or interfere with production and the efficient operation and management of the Cooperative in its efforts to operate and manage the business covered by this Agreement as efficiently and economically as possible, improve services and products, preserve equipment, prevent accidents and strengthen good will between the Cooperative and its employees, as well as with its suppliers and customers. The Union further recognizes that the Cooperative has certain definite and stringent obligations and

responsibilities to its customers and suppliers and the Union agrees that it will fully cooperate with the Cooperative in the performance and discharge of these obligations and responsibilities. The Cooperative recognizes its responsibilities to the Union and employees and herein pledges to cooperate with the Union and strive toward a harmonious relationship between labor and management of the Cooperative.

ARTICLE 2

RECOGNITION

The Cooperative recognizes the Union as the exclusive bargaining representative for all full-time and regular part-time employees employed by the Cooperative at its Shelbyville, Kentucky, facility, including the Crew Leaders, Line Technicians, Lead Line Technicians, Service Technicians, Apprentice Line Technicians, Material Technician/Warehouse employees, but excluding, Staking Technicians, all other employees, confidential employees, clerical employees, managers, guards and supervisors as defined by the National Labor Relations Act, as amended. It is the intention of the parties hereto that the bargaining unit covered by this Agreement shall be as established by the National Labor Relations Board in its "Certification of Representative" in Case No. 9-RC-18225, and this Article is included herein solely for the purpose of discharging the Cooperative's obligation under the law to recognize the Union.

ARTICLE 3

MANAGEMENT PREROGATIVES

The operation, control and management of the Cooperative's facilities and operations, and all business and activities of the Cooperative in connection therewith which are covered or affected by this Agreement, and the supervision and direction of the working forces at such facilities, operations and business are and shall continue to be solely and exclusively the functions and

prerogatives of the management of the Cooperative. All of the rights, functions and prerogatives of management which the Cooperative had prior to entering into this Agreement with the Union are reserved and retained exclusively to the Cooperative and shall not be questioned by the Union or any employee covered by this Agreement at any time or in any manner. In no event shall any right, function or prerogative of the Cooperative ever be deemed or construed to have been modified, diminished or impaired by any past practice or course of conduct, or otherwise, than by an explicit provision of this Agreement. Specifically, but without limiting or affecting the generality of the foregoing, it is distinctly understood and agreed that this Agreement does not affect and shall not be deemed or construed to impair or limit in any way the Cooperative's right in its sole discretion and judgment, to determine the nature and extent of the business to be carried on by the Cooperative; determine the suppliers and customers with whom it will deal, and the prices at which and terms upon which its materials, equipment and supplies will be purchased, leased or otherwise acquired and its services and products will be sold; determine the size and composition of the working force covered by this Agreement, and assignment of work, and policies affecting the selection of employees; establish and enforce quality, production, construction and service standards for its employees, services and products; establish new departments; discontinue existing departments; introduce new and improved equipment, facilities and service methods; establish and change production and work performance standards; change, combine, establish or discontinue jobs or operations, set wage rates for such jobs or operations, and determine when and if vacancies in the working force shall be filled; determine the means and methods by which production and services will be made; determine the hours of operation; subcontract or procure from others any work of the business as the Cooperative may from time-to-time deem advisable or necessary, whenever and as often as, and to such extent as the Cooperative may deem necessary and advisable; and discontinue

temporarily or permanently, in whole or in part, any operations of the business of the Cooperative covered or affected by this Agreement. The Cooperative shall also have the right from time-to-time to make and enforce such reasonable rules applicable to employees covered by this Agreement, including rules concerning health and safety, alcohol and substance abuse, and to enforce, change, abolish or modify existing rules applicable to employees covered by this Agreement, as it may from time-to-time deem necessary or advisable, except as specifically limited herein.

ARTICLE 4

SUBCONTRACTING

It is understood by the Cooperative and the Union that, for the Cooperative to satisfy the demands of its customers and to successfully operate the business, contracting and/or subcontracting of work is necessary from time to time. It is therefore agreed by the Union that the Cooperative may, within its exclusive discretion, engage contractors for all construction, delivery, service and operations functions, and any and all other functions which it, in its exclusive discretion, deems necessary or desirable, with the exception that the Cooperative will not use this subcontracting clause to subcontract work while any employee who is fully qualified and capable of performing such work has any recall right, except in the case of an emergency. Subcontracting of work will not cause the direct layoff of bargaining unit employees. The exception in the preceding sentence shall not prohibit the Cooperative from subcontracting work to be performed by an employee recalled from layoff pending the employee's return to work from recall. Finally, neither this subcontracting provision nor any other provision of this Agreement shall limit, restrict, or prohibit the Cooperative from subcontracting or continuing to subcontract any work the Cooperative subcontracted prior to the execution of this Agreement.

ARTICLE 5

DISCIPLINE AND DISCHARGE

SECTION 1.

The Cooperative shall have the right to discipline and discharge employees during their probationary period without cause and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 2.

Discipline and discharge of employees will be at the sole discretion of the Cooperative. However, such discipline and discharge will only be administered for just cause (which shall include the "Rules of Conduct" adopted and implemented in accordance with Article 3 of this Agreement.)

SECTION 3.

It is agreed that in the event an employee is given any disciplinary action, including a warning notice, one (1) copy of the warning notice will be given to the employee, one (1) copy will be sent to the Union Office and one (1) copy will be retained in the employee's personnel file. A warning notice or notices for any cause may constitute a basis for discharge for any subsequent infraction and it is understood and recognized by the parties hereto that certain infractions, including those specified in Section 2 of this Article, may, at the Cooperative's sole discretion, result in immediate discharge without warning. It is further understood and recognized that in any event the Cooperative may, in its sole discretion, discharge an employee who receives three (3) warning notices for any cause or combination of causes in a rolling fifteen (15) month period.

SECTION 4.

Apprentice Employees: For the purposes of the Agreement, an apprentice may be terminated, without recourse, for the following reasons:

- (1) The employee fails to complete the TVPPA training as stated in Operating Procedure No. 7; or
- (2) the Apprenticeship Committee informs the CEO that the employee is unable or unwilling to carry out the field portion of their duties in an acceptable manner.

ARTICLE 6

UNION SECURITY AND VOLUNTARY CHECKOFF

SECTION 1.

All employees who are hired by the Cooperative shall become and remain members in good standing of the Union or become an agency fee payer in accordance with the Local Union's Bylaws as a condition of continued employment upon the conclusion of their probationary period, as set out in Article 8.

"Membership in the Union in good standing" shall mean the tendering of the initiation fee and periodic dues, or the agency fee uniformly required as a condition of acquiring or retaining membership in the Union.

SECTION 2.

Thirty-one (31) days after the effective date of this Agreement the Union shall furnish to the Cooperative a true and correct list of those employees covered by this Agreement who are members of the Union.

SECTION 3. Checkoff.

The Cooperative agrees to deduct each month, from the paychecks of all employees who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided, however, that such employees shall have voluntarily signed and submitted a written authorization which shall conform to and be in accordance with all applicable Federal and State laws.

All monies deducted by the Cooperative shall be forwarded to the Business Manager/Financial Secretary of the Union.

It is understood and agreed that any monies collected by the Cooperative for the Union will be taken out of the paycheck for the first pay period of the month and remitted to the Union before the 30th day of the same month.

The Cooperative will recognize authorizations for deductions from wages, if in compliance with State and Federal law, to be transmitted to the Union. No such authorization shall be recognized if in violation of State or Federal law. No deduction shall be made which is prohibited by applicable law. This provision is subject to whatever shop rule is promulgated by the Cooperative with respect to garnishments or other wage deductions.

SECTION 4.

If for any reason an employee does not work during the first pay period of any month in which the checkoff is made, the Cooperative shall make deductions for the above purpose from such employee's wages out of the next succeeding pay period in which he works.

SECTION 5.

It is understood and agreed that the Cooperative shall not be obligated or required to discharge an employee for failure to make payments as required and provided for hereunder unless the Union shall have first given the Cooperative and such employee ten (10) days written notice of such employee's default, and an opportunity within said ten (10) day period to pay all sums due and owing by such employee under the provisions of this Agreement.

SECTION 6.

In consideration of the adoption by the Cooperative of the Union Security and Voluntary Checkoff provisions, the Union agrees to indemnify and hold the Cooperative harmless from and against any and all liability, loss, cost, damage, of every kind suffered, incurred or imposed upon the Cooperative because of any claim, demand, action, unfair labor practice charge, or any other legal or administrative proceedings, including attorneys fees and court costs, because any employee is discharged or other action taken, as a result of the provisions of this Article.

ARTICLE 7

NO STRIKE-NO LOCKOUT

The Union and employees agree that during the term of this Agreement neither the Union, its officers, agents or members shall authorize, instigate, aid, condone or engage in any work stoppage, strike of any kind or description, including so-called sympathy strikes, or otherwise interrupt, impede or restrict services of the Cooperative or engage in any activity which would tend to cause an interruption or delay in the accomplishment of the work and business of the Cooperative.

The Union and employees further agree that during the term of this Agreement the Union, its officers, agents or members will not honor or recognize any picket line or picketing in any form, including recognition of picket lines or picketing out of so-called sympathy, by any union at the Cooperative, or any facility or operation of the Cooperative, regardless of where it is located. Any employee who engages in any conduct prohibited by this Section, or who fails or refuses to comply with any provision of this Section, shall be subject to appropriate discipline, including discharge by the Cooperative. Further, the Cooperative shall be under no obligation to bargain with the Union concerning employees who are on strike or concerning the subject of any strike so long as the strike continues.

The Cooperative shall not lock out members of the Union during the term of this Agreement.

Nothing in the Article will require an employee to endanger Cooperative equipment, property or the employee's personal safety, however, if an employee believes the Cooperative's equipment, property or their personal safety are threatened, they must notify the Cooperative and the local law enforcement officials immediately. Failure to give such notices will be conclusively presumed to prove that no such threat existed and the employee will be disciplined or discharged as set out above, with no recourse.

ARTICLE 8

PROBATIONARY EMPLOYEES

All new or rehired employees shall be placed on probation and shall be classified as temporary help during the first one hundred twenty (120) actual working days actually worked of their employment with the Cooperative. During such period the Cooperative may discharge or

otherwise discipline, lay off, transfer or assign such employees with or without cause, and such actions shall not be subject to the grievance procedure.

Probationary employees who complete their probationary period will be classed as regular employees and their date of hire shall be from the first day of hiring.

ARTICLE 9

HOURS OF WORK AND OVERTIME

SECTION 1.

A full-time employee's regular work week shall be forty (40) hours, Monday through Friday, subject to change by the Cooperative when, as determined at the sole discretion of the Cooperative, requirements dictate—but after notice to the Union-- but shall not be less than eight (8) hours, excluding a maximum sixty (60) minute lunch break. The lunch break includes travel to the place where lunch is purchased and travel to return to the work site. In addition, employees shall receive two (2) fifteen (15) minute breaks during a full eight (8) hour shift. The Cooperative retains the sole discretion to determine when any employee(s) shall take his breaks. Employees may be required to leave work prior to the end of their shift in the case of strikes or other work stoppages, disciplinary suspension of an employee, acts of God. In such event, the employee shall only be compensated for the hours actually worked.

Part-time employees (employees regularly scheduled to work less than forty (40) hours per week) are excluded from the bargaining unit and shall work on the days and for the hours directed by the Cooperative in its sole discretion.

SECTION 2.

Overtime shall be paid for all hours actually worked in excess of eight (8) in a week of forty (40) hours in any one (1) work week at the rate of one and one-half (1½) times the employee's regular straight-time hourly rate (only paid holidays, jury duty, bereavement leave, sick leave and vacation days shall count as time worked for the purposes of over-time pay). Overtime under this Section shall be computed on a weekly (Sunday through Sunday) basis. There shall be no pyramiding of overtime or any premiums.

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Employees shall be paid at the rate of one and one-half (1½) times their regular straight-time hourly rate for all hours worked on Saturday or Sunday, so long as the employee has previously actually worked a minimum of forty (40) hours during such week, except as set out above.

Employees will be paid at the rate of two (2) times their regular straight-time hourly rate for all hours worked in excess of sixteen (16) consecutive hours in a work day. In addition, employees will be paid at the rate of one and one-half (1 ½) times their regular straight-time hourly rate for all hours actually worked when performing work for electric utilities outside the State of Kentucky.

ARTICLE 10

REPORTING AND CALL-OUT PAY

SECTION 1. The call-out rotation will consist of two (2) employees and will be posted yearly. These two (2) employees will be available and will be called on every call-out. If additional help is required the employees on the over-time list will be called in order of ascending over-time hours (lowest first, etc.) until such time as the required help is obtained. The over-time list will be updated each pay period. Employees on the call-out roster for a particular week shall receive five (5) hours of pay at time and one-half their regular rate of pay for actually serving call-out duty for the week. A substitute bargaining unit employee will be assigned for on-call duty when the

regularly scheduled employee is on sick leave or vacation. The substitute will be selected with low over-time as the first consideration and availability as the second. Prior notice to and written approval from management is required for an on-call employee to trade on-call duty days. The employee requesting the trade, must work the on-call duty day(s) for which they have traded. When an employee has completed his regularly scheduled work day, left the Cooperative's headquarters and in route to his home, but is called in to report to work more than two (2) hours prior to the beginning of his next regularly scheduled shift, he will be guaranteed two (2) hours work at his regular over-time hourly rate of pay. During this two (2) hour period the employee must respond to any re-callouts by the Cooperative. There will be no overlap of the two (2) hour minimum or overtime pay by any employee. If an employee has not left the Cooperative's headquarters, the time worked will be paid as regular overtime and not be classified as "call-out" duty. An employee shall not be required to remain longer than the time required to perform the emergency work existing during the period of such call-outs. Any work assigned before the end of a regularly scheduled work day will be considered regular overtime and will not be subject to the minimum two (2) hour call-out provision. If however, the Cooperative determines the rotation system is not efficiently or effectively covering call-out sufficiently or maintaining a balance in the overtime hours, then the Cooperative shall have the right to change from the rotation system.

SECTION 2.

Employees on vacation will only be called out after the Cooperative has made an effort to call out all other employees. Such employees will not have vacation time charged for the hours worked during scheduled vacation.

ARTICLE 11

WORK ASSIGNMENTS

Notwithstanding any of the provisions of this Agreement, there shall be no limitation or restriction upon the nature, extent and kind of work which employees who are not covered by this Agreement (including Supervisory and Management personnel) may perform, nor shall there be any limitation or restriction as to the times or occasions on which employees who are not covered by this Agreement (including Supervisory and Management personnel) may perform such work. Neither shall there be any limitation or restriction upon the nature, extent and kind of work which employees in the bargaining unit may be required to perform, nor shall there be any limitation or restriction as to the time or occasions on which bargaining unit employees shall be required to perform any work in a safe manner. Supervisory and management personnel will not regularly perform bargaining unit work.

ARTICLE 12

GRIEVANCE PROCEDURESECTION 1.

A grievance as referred to in this Agreement is a dispute arising out of the interpretation or application of any one or more specific provisions of this Agreement. A written grievance must designate the specific provision(s) alleged to have been violated. No grievance alleging general violation of the Agreement or Articles of the Agreement will be accepted or processed by the Cooperative. Such grievance will be void and not subject to further processing or appeal. Grievances shall be processed in accordance with the procedures set forth below.

STEP 1. The aggrieved employee shall present his grievance in writing to his immediate supervisor within two (2) days after the cause of such grievance becomes known or could reason-

ably be expected to have been known. If he so desires, the aggrieved employee may be accompanied by his Union Steward.

STEP 2. If the grievance is not settled in Step 1, it may be appealed by the employee within three (3) working days to the President and CEO (or designated representative in event of absence), who shall meet with the Union's Business Representative and the aggrieved employee. The President and CEO (or designated representative in event of absence) will give a written answer to the grievance within thirty (30) days of the initiation of Step 2 by the Union.

STEP 3. If the grievance is not satisfactorily settled in Step 2 and if the grievance is otherwise arbitrable under this Agreement, it may be referred to arbitration in strict accordance with the provisions of this Agreement pertaining to arbitration, provided that if the Union fails to notify the Cooperative in writing by Registered Mail within ten (10) days after the Cooperative gives its answer in writing to a grievance at Step 2 of the grievance procedure of the Union's desire to arbitrate the grievance, then the Union shall be conclusively presumed to have accepted the Cooperative's answer and said grievance shall not thereafter be arbitrable.

SECTION 2.

The grievance procedure is subject to the following rules and conditions:

- (a) A settlement satisfactory to the Union at any step in the grievance procedure shall be binding on it and the employee or employees making the complaint.
- (b) Saturdays, Sundays and holidays are excluded in computing the time limits specified in this Article.
- (c) All meetings conducted pursuant to the provisions of Step 1 and Step 2 of this Article shall be conducted at times when the aggrieved employee and others, including the Steward, are not regularly scheduled to work or at a time mutually agreed to between the Cooperative and the

Union. Neither party shall have more than a total of three (3) persons present, including the aggrieved employee, except, by mutual consent, the parties may agree to a greater number.

(d) Employees will not leave their work to investigate, present or discuss grievances.

(e) This grievance procedure constitutes the sole and exclusive means of resolving controversies. Pending the raising, processing and/or settlement of a grievance, all employees will continue to work in a normal manner, and there shall be no slowdown, stoppage or other interference with work or operations as discussed and set forth in the Article of this Agreement entitled "No Strike - No Lockout."

(f) Infrequently, due to the nature of the subject matter, the Cooperative or the Union may request that Step 1 of the grievance procedure be waived. In such cases Step 1 of the grievance procedure may be waived provided there is mutual agreement by the Cooperative and the Union to do so.

(g) Any time the Cooperative offers a settlement with regard to any grievance, there will be a Union Official present. "Union Official" shall mean the employee's Steward or the Union's Business Manager.

(h) Any grievance of any kind which has been presented under the grievance procedure set forth herein which is not appealed to the next step within the applicable time specified above and any grievance which has not been presented under the grievance procedure set forth herein within the time period for presentation of grievances shall be considered settled and shall not be subject to further discussion or appeal.

SECTION 3.

The Cooperative shall not be required or obligated under the terms of this Agreement or otherwise to submit to the grievance procedure any claim or cause of action which it may have or

assert on account of any alleged violation of this Agreement by the Union or any employee or employees covered by this Agreement.

SECTION 4.

No grievance may be filed or considered which is based in whole or in part on an occurrence happening prior to the execution of or after the term of this Agreement. A grievance which is timely filed over an issue which occurred before the Agreement expired will be processed as though the Agreement were still in effect.

SECTION 5.

The provisions of this Agreement covering grievance procedure and arbitration are completely unrelated to and independent of the provisions of the Article of this Agreement entitled "No Strike – No Lockout" clause. In the event the Cooperative claims that a grievance filed hereunder is not arbitrable, whether or not such claim be ultimately sustained, such claim shall not in any way affect or excuse the Union or any employee or employees covered by this Agreement from the provisions of the Article entitled "No Strike – No Lockout" and their respective obligations and duties thereunder.

SECTION 6.

In the event any grievance which is otherwise arbitrable under the terms of this Agreement shall be arbitrated, selection of an arbitrator shall first be attempted by the Union and the Cooperative attempting to agree on an arbitrator, and, if they cannot agree upon a selection, the Federal Mediation and Conciliation Service shall be asked to furnish a panel consisting of at least seven (7) names of arbitrators. One person selected by the Union and one person selected by the Cooperative shall select a single arbitrator from the panel by alternately striking a name until such time as only one (1) name remains. The Cooperative and the Union will alternate in striking the

first name from the list. The Cooperative will strike the first name in the first arbitration case and the Union will strike the first name in the second arbitration case, etc. The Cooperative and the Union shall each have the right to reject one (1) panel.

SECTION 7.

No more than one grievance shall be submitted to any one arbitrator unless the Cooperative and the Union agree otherwise in writing. The Arbitrators selected shall have power to receive relevant testimony from the parties to the dispute and hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings held before the Arbitrator. The Cooperative shall bear the costs of preparing and presenting its case to the Arbitrator and the Union shall bear the costs of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as, but not limited to the Arbitrator's fee, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Cooperative and the Union.

SECTION 8.

The function of the Arbitrator shall be of a judicial, rather than a legislative, nature. The Arbitrator shall not have authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall not substitute his judgment for the Cooperative's judgment and where matters of judgment are involved he shall be limited to deciding whether or not the Cooperative acted arbitrarily, capriciously or in bad faith. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him. In any discharge or disciplinary suspension case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Cooperative shall be entitled to full credit on such awards for the employee's gross interim earnings, unemployment compensation benefits, worker's compensation benefits received

or receivable and any other compensation he receives from any form of employment during the period he was not working for the Cooperative. Subject to the foregoing qualifications and limitations, the Arbitrator's award shall be final and binding upon the Cooperative, the Union and the aggrieved employee or employees.

SECTION 9.

Only the Union shall have the right to prosecute grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance which is otherwise arbitrable under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or on behalf of a group of employees hereunder, such employee or employees who filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee or employees shall thereafter be prohibited from reviving or further prosecuting said grievance.

ARTICLE 13

PAY PERIOD

Members of the Union shall be paid on the first and sixteenth of the month, the Cooperative's regular pay day. When the pay day falls on Sundays or Holidays, employees will be paid the next regular working day, but no later than the 2nd and 17th of the month.

ARTICLE 14

ASSIGNMENT OF OVERTIME

Overtime work shall be assigned to the employee(s) where the overtime exists. All other overtime assignments shall be determined by an established on-duty roster with the understanding that during major outage or emergency situations, all Cooperative personnel, contractor employees

or mutual-aid assistance from other cooperatives may be utilized to serve the members of the Cooperative. The Cooperative will endeavor to divide overtime work within a work group equally. In order to assist management in equalizing overtime, a Scheduled Overtime and Out of Town Overtime roster will be utilized.

ARTICLE 15

RATES FOR NEW JOB CLASSIFICATIONS

Recognizing that during the term of this Agreement the Cooperative may install new equipment or change work methods resulting in the creation of new job classifications, the Cooperative shall establish rates for such new classifications in line with the Cooperative's wage scale for like work and notify the Union's representative in writing. If after ten (10) days the Union does not question the rate established for the new classification, it shall become the established rate for the job.

ARTICLE 16

INSPECTION PRIVILEGES

The Local Union Business Manager or designated representative of the Union, the name of whom shall be furnished to the Cooperative in writing, shall have access to the Cooperative's establishment during working hours for any legitimate purpose in connection with the administration of this Agreement, provided he notifies the President and CEO (or designated representative in event of absence) of the Cooperative beforehand and obtains permission. The Cooperative will not unreasonably withhold such permission. The Union hereby agrees that its agents and representatives will not cause any interruption of the Cooperative's working schedule or interfere with the work of employees or otherwise abuse these visitation privileges when on its premises. Union representatives will follow the procedures of other visitors to the Cooperative and

sign in at the reception area and be accompanied by the Operations Manager or other designated representative while on Cooperative property. In the event of a change of agents, the Cooperative will be immediately notified in writing.

ARTICLE 17

SENIORITY

SECTION 1.

Seniority of employees covered by this Agreement shall be determined by the Cooperative on the basis of length of continuous service with the Cooperative from the last date of hire.

SECTION 2.

An employee's seniority, qualifications, ability, skill, work record, and adaptability to perform the work involved, as determined by the Cooperative, shall apply in the case of layoff, recall from layoff, and promotions. It is agreed that in the case of layoff no employee, regardless of his seniority, may displace any other employee unless he is at that time able to perform the work of the employee being displaced to the satisfaction of the Cooperative. An employee who displaces another employee pursuant to the provisions of this Section shall be paid at the hourly rate of pay for that job classification as set forth in Appendix A. When the working force is being increased after a layoff the Cooperative will apply the same standards as it originally applied for layoff when the employees are being recalled. The Union shall possess the right to grieve and/or take to arbitration the issue of whether the Cooperative has acted arbitrarily, capriciously, or in bad faith in its application of the above factors.

SECTION 3.

When there is to be a reduction/layoff in the workforce, the Cooperative will notify the Union as to the classification(s) and number of employees to be affected. All probationary,

seasonal, part-time, and casual employees shall be laid off before any employees who have established seniority are affected.

SECTION 4.

The Cooperative will, when it determines it to be practicable, give employees one (1) week notice prior to layoff.

SECTION 5.

Seniority, qualifications, ability, skill, work record, and adaptability to perform the work involved, as determined by the Cooperative, shall be the controlling factors in promotion of employees, and where in the Cooperative's exclusive judgment, these factors are equal between two (2) or more employees, seniority will control.

SECTION 6.

All job vacancies in jobs which the Cooperative decides to fill will be posted for bid for at least ten (10) full working days. Until the Cooperative has selected an employee to regularly fill such job vacancy, the vacant job may be filled in any manner the Cooperative sees fit. The Cooperative will take final action with respect to all job openings within two (2) weeks after the posting is taken down. Employees shall be permitted to bid only on jobs which are higher than the job classification which they are in at the time. If no employee in the unit who bids on the job is selected, using the criteria set out in this Sections 5 and 6, then the Cooperative may hire a new employee(s) from outside the work force.

If the Cooperative creates more than one (1) reporting location, there will be no bidding within the Apprentice, Crew Leader, Lead Line Technician, Line or Service Technician or Material/Warehouse classifications, unless the employee lives or commits to relocate within fifteen

(15) miles of such location. Such relocation must occur within six (6) months of being awarded the job and, if not, the employee will be removed from that job.

The progression within the Line classifications will be as follows:

- Apprentice-Level 1
- Apprentice-Level 2
- Apprentice-Level 3
- Apprentice-Level 4
- Line Technician
- Service Technician
- Lead Line Technician
- Crew Leader

Promotion from level-to-level within the Apprentice classification and to Line Technician, Service Technician, Lead Line Technician and/or Crew Leader will be at the sole discretion of the Cooperative.

SECTION 7.

An employee shall lose his seniority and his status as an employee shall cease for any of the following reasons:

- (a) If an employee quits or is discharged.
- (b) If an employee is in layoff status for more than six (6) months.
- (c) If an employee, after having been laid off, when notified of recall by the

Cooperative by certified mail sent to the employee's last address appearing on the Cooperative's records, fails by the end of the work day following the day of receipt of such notification to notify the Cooperative of his/her acceptance and intent to return to work, or such employee fails to report

for work on or before the beginning of the seventh calendar day following the day the employee received the Company's notification of recall. It shall be the employee's responsibility to keep the Cooperative informed of his/her current address.

(d) If an employee is absent from work for one (1) day without reporting to the supervisor before the regular work day begins, unless prevented from doing so because of being hospitalized or physically unable to do so. The burden of proving such circumstances existed is on the employee making the claim. Progressive discipline will be administered beginning with a (1) written warning; (2) a three (3) day suspension without pay, and (3) discharge. Discipline will be administered on a rolling fifteen (15) month basis.

(e) If an employee has retired.

SECTION 8.

Seasonal, temporary, part-time and casual employees are excluded from the bargaining unit covered by this Agreement and are not entitled to any of the benefits and privileges provided for in this Agreement.

SECTION 9.

If, and when, employees in the bargaining unit covered by this Agreement are promoted or transferred to jobs outside the bargaining unit they will retain seniority for a period of twelve (12) months, during which period such employees will have the right to return to a job in the bargaining unit, provided they have the seniority to do so. At the end of said twelve (12) month period, if the employee remains in the job outside of the bargaining unit, he will lose all seniority rights under this Agreement.

SECTION 10.

A seniority list shall be made up by the Cooperative within thirty (30) days after the date this Agreement becomes effective. A copy shall be furnished to the Business Manager or his designee and a copy posted on the Union Bulletin Board. This list shall be open for correction for a period of thirty (30) days thereafter and if an employee does not make a protest in writing to the Cooperative, with a copy to the Union, within such thirty (30) day period after the posting of such list, his seniority shall be brought up-to-date on January 31 of each year thereafter.

SECTION 11.

In the event a job vacancy is posted, in accordance with Section 6 of this Article, and no employees bid on the job and the Cooperative decides not to fill the vacancy by hiring a new employee from outside the work force, then the Cooperative may assign employees to the position on a permanent basis. Such assignment will be the least senior qualified employee(s), as determined by the Cooperative being required to perform that job.

SECTION 12.

If it is necessary for an employee to perform work in a higher rated classification on a temporary basis for a period of five (5) consecutive days or more, including holidays then the Cooperative will offer such work to qualified employees, by seniority. The employee selected will be paid at the rate of that position. If it is necessary for an employee to perform work in a higher classification for less than a five (5) day period, the position will be filled by management of the Cooperative and the employee selected will be paid at the rate of that position.

ARTICLE 18

MEDICAL AND BEREAVEMENT LEAVESECTION 1.

“Leave,” as that term is used in this Agreement, shall mean time off taken by an employee who has accumulated leave time for purposes of bereavement, illness or other medical condition, including maternity, and shall be used only as provided in this Article.

SECTION 2.

Sick Leave shall be earned and taken in accordance with Board Policy No. 905, except employees are not eligible for sick leave until they have completed one hundred twenty (120) actual working days of employment, actually worked.

SECTION 3.

To receive compensation under this Article, before his/her shift begins, an employee must notify his immediate supervisor of the necessity for absence, except in the rare instances when the employee is completely physically unable to give the required notice (i.e., unconscious or totally incapacitated). An employee who has been absent from work for three (3) consecutive work days because of illness or accident must notify and advise his supervisor in writing regarding the anticipated duration of his/her continued absence. Such written notice must be from the employee's attending physician.

SECTION 4.

Any employee found to have falsified the reason for leave or who has abused the leave provision by falsification or misrepresentation shall, in the Cooperative's sole discretion, thereupon be subject to disciplinary action, including discharge. In addition, such employee will restore to the Cooperative amounts paid to him to which he was not entitled.

ARTICLE 19

JURY DUTY

An employee who is required to serve and perform jury duty shall be compensated at his regular straight-time hourly rate by the Cooperative for a maximum of thirty (30) regularly scheduled work days (up to a maximum of eight (8) hours per work day) per year on a rolling twelve (12) month basis. Any amount received as juror's fees by an employee performing jury duty and being compensated under this Article shall be tendered and released to the Cooperative. To receive compensation under this Article, an employee must provide to the Cooperative valid proof of such jury duty and the amount received as juror's fees. Whenever the employee is temporarily excused from such jury duty by the Court on a scheduled work day he shall advise his immediate supervisor as promptly as possible and report to the Cooperative and stand ready to work immediately if requested by the Cooperative. The receipt of notice to report for jury duty must be reported immediately to the employee's immediate supervisor.

ARTICLE 20

MILITARY SERVICE

Employees inducted into the Armed Forces of the United States shall be re-employed according to the provisions of the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended (VEVRA), and the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (USERRA). Any and all benefits under this Agreement which require working as a condition of earning such benefits and such other benefits as health, medical and other insurance shall not be due such employees, unless specifically required by statute.

ARTICLE 21

HOLIDAYS

SECTION 1.

Employees shall be paid eight (8) hours pay at their regular straight time rate for the following holidays:

- | | |
|-----------------------------|---------------------------|
| New Year's Day | Thanksgiving Day |
| Martin Luther King, Jr. Day | Friday after Thanksgiving |
| Memorial Day | Christmas Eve |
| Fourth of July | Christmas Day |
| Labor Day | Floating Holiday* |

* The "Floating" Holiday is added as a vacation day the first pay period of January for the employee to use as regularly scheduled vacation.

SECTION 2.

To receive holiday pay, an employee must have worked his regularly scheduled hours on the day immediately preceding the holiday and the day immediately after the holiday, or have either of these days charged to vacation, funeral leave or jury duty.

SECTION 3.

In addition to the above allowance, an employee will be compensated for hours actually worked on the above listed holidays, except the Floating Holiday, at one and one-half (1 ½) times his regular straight time rate.

SECTION 4.

Holidays falling on Saturday shall be recognized on the previous scheduled work day and holidays falling on Sunday shall be recognized on the following scheduled work day.

SECTION 5.

In the event a holiday falls during an employee's vacation, the employee shall not have vacation time charged for the holiday.

ARTICLE 22

VACATIONS

The earning, accumulation and scheduling of vacation will be as follows:

- A. New employees, after successfully completing one hundred and twenty (120) work days of training and continuous employment, will have forty (40) hours of vacation time placed on the books which may be taken thereafter, upon approval of the department manager.
- B. Regular full-time employees earn vacation days as follows, based on their employment date:
 1. Ten (10) days earned per year through five (5) years of continuous service.
 2. Ten (10) days earned per year plus one (1) additional day per year added for six (6) through fourteen (14) years of continuous service.
 3. The maximum earned vacation, twenty (20) days, will be earned at fifteen (15) years of continuous service.
 4. Vacation is not to be taken during the annual meeting and first aid/CPR training.
- C. Maximum carryover at the end of the calendar year will be equal to annual vacation earned, plus one (1) week. Example: An employee who earns four (4) weeks of vacation may carry over five (5) weeks at year end.
- D. Vacation will be scheduled as follows:
 1. Selection of one (1) weeks vacation by each employee based upon seniority followed by repeated selections until all employees have their entire vacation selected.
 2. Vacation will be selected by the 15th of December annually.
 3. Employees entitled to ten (10) days vacation shall take at least one full

workweek.

4. No more than two (2) employees will be permitted to schedule vacations on the same dates.
- E. In the event one of the Cooperative's regularly scheduled holidays falls within the employee's scheduled vacation, such holiday will not be charged against the employee's vacation time.
- F. Employees who have earned four (4) weeks of vacation per year may take one (1) week in bonus pay during a designated time in the month of December.
- G. Vacation leave will not be advanced nor may an employee show a negative leave balance on their record.
- H. In the case of a person on compulsory military leave, the numbers of years which determine the vacation earned will continue uninterrupted and the time while on military leave will count toward the number of years of continuous service to determine the amount of vacation earned.

ARTICLE 23

GROUP INSURANCE

SECTION 1. The Cooperative shall have the right to change insurance carriers or programs at any time so long as the group insurance coverage is not substantially reduced.

SECTION 2. The contracts between the Cooperative and insurance carriers will govern in all matters related to the insurance plans provided for herein. The exact coverage and the conditions for the coverage of such insurance will be determined by the terms and conditions of the policy or contract, and the Cooperative will not be liable under any circumstances as an insurer of any of the benefits to employees.

SECTION 3. Any employee covered by this Agreement who is off work for more than six (6) months--other than for vacation or a leave of absence approved in writing by the CEO of the Cooperative--will lose entitlement to all benefits provided for in this Agreement and any insurance contributions made by the Cooperative will terminate. In order for any such benefits to continue,

the employee, if eligible, will be required to make the contributions previously made by the Cooperative in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, and, if not made by the employee, such benefits will terminate.

SECTION 4. Employees shall contribute ten percent (10%) of the total premium for the health insurance provided by the Cooperative.

SECTION 5.

(1) If an employee's spouse is employed by another employer where health insurance is available, then such spouse must obtain health insurance from that employer and it shall be primary for such spouse. If the spouse is not eligible to obtain the health insurance, under the provisions of HIPPA, at the time the employee is eligible for health insurance under the Cooperative's plan, then upon a certification from the spouse's employer and its health insurance provider (whether insured or self-insured) that the spouse is not eligible under the provisions of HIPPA until a later date, the spouse will be eligible to be covered under the Cooperative's health insurance program until the earliest date on which such employee's spouse is eligible for insurance provided by their employer.

(2) Dependents will be covered by the health insurance of the employee or the spouse with such dependents being covered by the spouse whose Birthday falls earliest in the calendar year.

(3) A spouse who loses insurance from their employer will be added to the Cooperative's health insurance program within (30) days of notice of termination of such coverage. An employee who has a spouse covered by the Cooperative's health insurance program shall certify in writing yearly, during the month of January, that the spouse continues to be unemployed or is not eligible for health insurance from their employer.

SECTION 6. The Cooperative may reopen for negotiations Article 23 of this Agreement with respect to health and medical insurance if Federal or State health care reform legislation is enacted, and if either of the below situations occur:

(1) Legislation requires the Cooperative to make payments above that required to provide the specified coverage set forth in this Article; or

(2) The legislation would allow the Cooperative to realize a cost reduction in replacing its current plan with that provided for in such legislation.

ARTICLE 24

PENSION PLAN

SECTION 1. Employees hired on or before September 2, 2009 shall receive the NRECA Pension Plan. The instruments composing the Pension Plan will govern in all matters related to it. The exact terms and conditions for coverage, retirement, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits to the employees. New employees hired on and after September 3, 2009 will not be eligible for or participate in such plan.

For the term of this Agreement, the Cooperative shall pay for such employees the full contribution rates (Cooperative and employee contributions) required under the NRECA Pension Plan. The current so-called multiplier will be 1.7. In no case will the Cooperative maintain or provide Pension Plan benefits to employees who have not completed their probationary period.

SECTION 2. Employees hired on and before September 2, 2009, will be permitted to participate in the Cooperative's 401(k) Plan. That Plan currently provides that if an employee contributes one percent (1%) of his straight time wages, then the Cooperative will contribute two percent (2%) of such employee's straight time wages. In addition, only new employees hired on and after

September 3, 2009, will also be permitted to contribute an additional two percent (2%) of their straight time wages and for each one percent (1%) of such wages an employee contributes, the Cooperative will contribute one percent (1%) up to a maximum of two percent (2%).

The instruments composing the 401(k) Plan will govern in all matters related to it. The exact terms and conditions for coverage, contributions, withdrawal, retirement, etc. will be determined by the terms and conditions of such instruments and the Cooperative will not under any circumstances be liable for any benefits to the employees.

ARTICLE 25

MISCELLANEOUS

SECTION 1. Clothing. The Cooperative will provide employees with thirteen (13) sets of uniforms per year and pay for the laundry of such uniforms. In addition, the Cooperative will provide an additional five hundred dollars (\$500.00) per year for employees to purchase boots, tools or other appropriate clothing to wear with the uniforms. All uniforms, clothing and other apparel shall be clean and well maintained, as determined by the Cooperative. A Cooperative representative will place clothing orders twice per year with sufficient notification of the order date to allow bargaining unit employees to make selections and submit a completed and signed order form to the representative. Only clothing and other apparel with logos and/or insignias approved by the Cooperative management shall be worn.

SECTION 2. Climbing Equipment.

The Cooperative specifically retains the sole discretion to determine the equipment bargaining unit employees shall use to perform their work. The Cooperative will provide new employees seven hundred dollars (\$700.00) for the purchase of belt and hooks. Should the employee complete the Apprenticeship Program, the belt and hooks will belong to the employee for

the duration of his employment. Any such replacement climbing equipment and/or hand tools shall conform to all applicable rules and regulations as determined by the Cooperative's safety representative.

Each employee will furnish the initial set of hand tools. The Cooperative will replace such climbing equipment and/or hand tools that are broken or worn to a point of being unsafe. Such equipment must be returned by the employee as a condition of having it replaced.

SECTION 3. Driver's License.

Crew Leaders, Lead Line Technicians, Line Technicians, Service Technicians, Apprentice Technicians and any other employees who drive or operate Cooperative vehicles or equipment shall maintain an active, Kentucky driver's license with a Commercial Driver's License ("CDL") certification. The Cooperative will pay for the required CDL portion of the license. Loss or revocation of a driver's license or a CDL for a "Major Violation" under the CDL Regulations will result in the termination of the employee. If it is a "Serious Violation" under the CDL Regulations, then the disciplinary action can be, in the Cooperative's discretion, up to and including termination of employment.

SECTION 4. Union Bulletin Board.

The Cooperative will provide a bulletin board for posting of official Union bulletins and job postings. Nothing, however, shall be posted on such bulletin board which is derogatory to any individual or which is libelous or obscene, or which deals with any matter that is subject to the grievance-arbitration procedure set forth in this Agreement. This shall not apply to an arbitrator's decision and award. Only official matters which relate directly to members of the bargaining unit at the Cooperative may be posted on the bulletin board.

SECTION 5. Cellular Telephones

The Cooperative shall provide cellular telephones to each bargaining unit employee. The phone shall be the property of the Cooperative and employees are required to have the telephone available at all times and answer it when called.

ARTICLE 26

NON-DISCRIMINATION

The Cooperative and the Union agree that the provisions of this Agreement shall be applied to all employees without discrimination on the basis of age (over age 40), disability (as defined and provided for in the Americans with Disabilities Act of 1990), sex, race, color, religion, national origin or status as a Vietnam Veteran.

Whenever the words "he", "him" or "his" are used herein, those words shall be deemed to include the feminine gender as well.

ARTICLE 27

WAGE RATES AND CLASSIFICATIONS

SECTION 1. Moves Into Lower-Rated Positions.

All employees, whether employed as of the ratification date of this Agreement or not, who are demoted to a lower rated classification (determined by reference to Regular Classified Rates) after the ratification of this Agreement shall receive the rate of the job classification to which they are demoted to or to which they have bumped

SECTION 2. Rates.

Wage rates for all classifications within the bargaining unit are set forth in Appendix A.

ARTICLE 28

STEWARDS

The Union shall have the right to designate a Chief Steward and an Assistant Chief Steward from employees in the bargaining unit. Such designation of the person to be steward shall be communicated to the President and CEO (or designated representative in event of absence) of the Cooperative within seven (7) days. Any change in the steward shall be communicated to the Cooperative in the same way and within the same period as set forth above. Employees shall not engage in any Union activities during working hours. All Union activities, including the discussion of grievances, whether or not with management, and other activities incidental to collective bargaining, shall take place at times mutually convenient to the Cooperative and the Union.

ARTICLE 29

EFFECT OF LAW

All provisions of this Agreement shall be subordinate and subject to any statute or law that may be applicable, whether now in effect or hereinafter enacted. If any provision of this Agreement or application of this Agreement to any employee is contrary to law, then such provision or application shall not be deemed valid except to the extent permitted by law, but all other provisions or applications of this Agreement shall continue in full force and effect.

ARTICLE 30

ENTIRE AGREEMENT

SECTION 1.

This Agreement sets out the entire understanding between the Cooperative and the Union with respect to the unit of employees described in this Agreement. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein and this Agreement

shall be strictly construed. The Union shall not use or attempt to use in any arbitration or legal proceeding of any kind under this Agreement or in which involves this Agreement any concession or change in the language or position which the Cooperative made or agreed to in the course of the negotiations for this Agreement, and evidence of any such concession or change in the language or position on the Cooperative's part shall be inadmissible. This Agreement applies only to the collective bargaining unit defined in this Agreement. None of the benefits, rights or privileges accorded by this Agreement to the Union or to any employee covered by this Agreement shall survive the expiration or termination of this Agreement.

SECTION 2.

It is distinctly understood and agreed by the Union that the Cooperative shall not be obligated, contractually or otherwise, to continue in effect any custom, practice or benefit unless it has contractually obligated itself to do so by clear and explicit language in this Agreement.

ARTICLE 31

COLLECTIVE BARGAINING

The Cooperative and the Union each acknowledge that this Agreement has been reached as a result of collective bargaining in good faith by both parties hereto, and that both parties hereto have had the unlimited opportunity during negotiations to submit and discuss proposals on all subjects which are bargainable matters. While it is the intent and purpose of the parties hereto that each of them shall fully perform all obligations by them to be performed in accordance with the terms of this Agreement, the Union agrees that the Cooperative shall not be obligated to bargain collectively with the Union during the term of this Agreement on any matter pertaining to rates of pay (except as provided in Article 15, "Rates of Pay for New Classifications"), wages, hours of employment, or other conditions of employment, and the Union hereby specifically waives any

Witness: Debbie Martin

right which it might otherwise have to request or demand such bargaining, and acknowledges that the Cooperative's obligations during the term of this Agreement shall be limited to the performance and discharge of its obligations under this Agreement.

ARTICLE 32

DURATION OF AGREEMENT

The effective date of this Agreement is September 2, 2009. This Agreement shall be in full force and effect for the entire period from September 2, 2009 through September 1, 2012, and from year-to-year thereafter, unless either party hereto shall at least sixty (60) days prior to September 1, 2012, or the 1st day of September in any year thereafter, notify the other party in writing of its intention and desire to terminate this Agreement. If proper notice is given and the parties, after negotiation, fail to reach agreement on the proposed changes, this Agreement may be terminated by either party upon ten (10) days' written notice delivered to the other at any time after the date upon which this Agreement would have otherwise terminated if no notice for termination had been given. Such ten (10) days' notice must be given before any lockout or strike may occur.

IN TESTIMONY WHEREOF, the Cooperative and the Union by their respective officers and representatives hereunto duly authorized, have signed this Agreement on the day, month and year first set forth above.

SHELBY ENERGY COOPERATIVE, INC.

By: Debbie Martin

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL UNION 2100

By: Willie G. Stall

By: Lucy Brown

By: Christine

Appendix "A"
11/01/09 through 11/01/2011

Year	Crew Leader	Net +(-)	Net %	Variance vs Lead Line Tech	Lead Line Technician	Net Increase	Net Percent	Variance vs Svs/Line Technician	Service/ Line Technician	Net Increase	Annual Approved Increase
2008-2009	\$30.62			\$2.00	\$28.66			\$1.00	\$27.66		
2009	31.21	0.59	1.94%	2.00	29.21	0.55	1.93%	1.00	28.21	0.55	2.00%
2010	31.77	0.56	1.80%	2.00	29.77	0.56	1.92%	1.00	28.77	0.56	2.00%
2011	32.63	0.86	2.70%	2.00	30.63	0.86	2.88%	1.00	29.63	0.86	3.00%

Former Line Supervisor Positions											
2008-2009	\$30.62										
2009					30.93				30.93		1.00%
2010					31.24				31.24		1.00%
2011					31.55				31.55		1.00%

Apprentice	Hire	Enter Program	At completion of:					
			Level 1	Level 2	Level 3	Level 4		
2008-2009	\$15.53	\$17.26	\$21.25	\$21.97	\$23.40	\$25.20		
2009	15.84	17.61	21.68	22.41	23.87	25.70		2.00%
2010	16.16	17.96	22.11	22.86	24.35	26.22		2.00%
2011	16.64	18.50	22.77	23.54	25.08	27.00		3.00%

Materials Technician											
2008-2009	\$22.17										
2009	22.61										2.00%
2010	23.06										2.00%
2011	23.75										3.00%

Starting Position Rates:

Crew Leader	\$30.66
Lead Line Technician	\$28.66
Line Technician	\$27.66
Service Technician	\$27.66
Materials Technician	\$22.17

Apprentice - Hire \$15.53
 Enter Apprentice Program \$17.26
 Complete Level 1 \$21.25
 Complete Level 2 \$21.97
 Complete Level 3 \$23.40
 Complete Level 4 \$25.20
 Complete (1) year of work
 at Level 4 to move to Line Technician classification

Business
 Debbie Martin
 Page 43 of 46

Item No. 27

1/13/2010

LAND-LINE TELEPHONE REIMBURSEMENT

Shelby Energy Cooperative (Cooperative), on a non-precedent setting basis, agrees once a year to reimburse each bargaining unit employee that is required to maintain a land-line telephone at their primary residence for on-call duty as follows:

- Reimbursement will be equal to the basic monthly land-line telephone charge as billed by the local carrier AT&T;
- A copy of each monthly land-line telephone bill must be provided by the employee reflecting the date of service and that the service was provided at their primary residence;
- Upon receipt of the land-line telephone bills, reimbursement will be paid to the employee by a check issued on or before December 30 of each year ;
- Should a telephone bill not be issued for the monthly service before December 30 of each year, reimbursement will be made at the next issue date for accounts payable checks;
- No reimbursement will be made for telephone bills not received by the Cooperative.

Shelby Energy Cooperative

By: Debbie Martin

Date: 1/6/10

IBEW, Local Union 2100

By: Willie C. Stultz

Date: 1-6-10

2008 DISCRETIONARY PERFORMANCE BONUS

<u>SAFETY & RELIABILITY</u>	<u>Potential</u>	<u>Awarded</u>
<p>ACCIDENTS Reduce 40 points for each accident (3) Reduce 295 points for each lost-time accident (0) 3</p>	<p>550.00</p>	<p>430.00</p>
<p>SERVICE INTERRUPTIONS Add up to 20 points for each 0.1 outage hour/customer/year below 3.0 (total - power supplier) = <u>1.50</u> thru Oct 08 15.00</p>		<p>300.00</p>
<p>MOMENTARY INTERRUPTIONS (Blinks) Add up to 30 points for each OCR operation below the feeder circuit average annual base of 14 = 3.63 7.32</p>		<p>219.60</p>
<u>COMPETITIVE RATES/EFFICIENCY</u>		
<p>MATERIALS INVENTORY Meets 3% RUS guideline =2.37%</p>	<p>175.00</p>	<p>175.00</p>
<p>WORK ORDER INSPECTIONS Reduce 8 points for each deficiency that requires a special clean-up trip = 5</p>	<p>100.00</p>	<p>60.00</p>
<p>DELINQUENT CUSTOMERS ACCOUNTS Add up to 40 points for each .01 % below .25% write-off base = 1.00</p>		<p>40.00</p>
<p>BANK DRAFT PAYMENTS Add up to 10 points for each % above the base of prior year = 7.28</p>		<p>72.80</p>
<u>LASTING VALUE</u>		
<p>TOTAL SYSTEM CUSTOMER SATISFACTION SURVEY Add up to 20 points for each % above 70% = 82% (2008 3rd qtr) 12</p>		<p>240.00</p>

2008 DISCRETIONARY PERFORMANCE BONUS

MARKETING

2 points for each geothermal	4.00
2	
2 points for each Heat Pump	10.00
5	
4 points for each Button-Up	8.00
2	

TOTAL BONUS

\$1,559.40

* This amount is in lieu of a Christmas gift card \$ 150.00

TOTAL

\$1,709.40

03/01/10

Financial status and cost reductions were used to establish monetary value of each point. Base line costs were adjusted for extraordinary items. Year refers to Performance Bonus Fiscal Year.

- 1) This bonus system is discretionary based on the financial condition of the Cooperative.
- 2) Employees who receive this bonus must be an active employee at the time the bonus is paid.
- 3) Part-time employees and newly hired employees will be pro-rated after a minimum of 6 months employment.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 3 of the application.

- a. Explain fully why Shelby Energy has never had a depreciation study performed.
- b. On page 1, Shelby Energy states that its depreciation rates and procedures follow RUS Bulletin 183-1. On page 3, the rates indicated for Accounts 365, 366, 367, 369, 371, 373, and 392 are outside the rate ranges published in RUS Bulletin 183-1. Explain fully this discrepancy and why the rates being used by Shelby Energy are appropriate.
- c. Has Shelby Energy sought formal approval from RUS for depreciation rates that are outside the RUS ranges? If so, provide documentation of RUS approval of those rates.
- d. How long have Shelby Energy's depreciation rates been in effect?

Responses:

28.a.

Shelby has reviewed its reserve ratio, ratio of current distribution plant to distribution plant 10 years prior, and also its current construction and retirement programs. The reserve ratio has been increasing in the past several years. Plant additions and retirements have been decreasing in rate for the past several years. As a result of these, Shelby was of the opinion that a depreciation study would not be necessary at this time.

Shelby reviews and monitors the reserve ratios on an annual basis and is aware of the levels.

Item No. 28
Page 2 of 2
Witness: Jim Adkins

28.b.

Shelby has never changed its depreciation rates. RUS allows a borrower to change rates that are supported by a study. Shelby is not proposing to change its rates with this application.

28.c.

Since Shelby is not proposing to change its rates, RUS approval is not required.

28.d.

Shelby has used these rates since its inception. There have never been any changes to the depreciation rates for distribution plant.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 4 of the application.

- a. Provide a detailed description of the Public Service Company Assessment.
- b. Provide a comparative schedule of property tax expense for the calendar year in the period 2005 through 2009.
- c. Provide a detailed analysis of Other Taxes in the amount of \$35,224.

Responses:

29.a.

Shelby is assessed property taxes as a public service company by the State of Kentucky. Shelby must pay based on real estate, tangible property, and manufacturing machinery (transformers) based on rates established by the Kentucky Revenue Cabinet. This is assessed and paid on an annual basis.

29.b.

	<u>Accrual</u>
2009	368,327
2008	362,851
2007	342,734
2006	325,636
2005	320,277
2004	301,109

29.c.

This is the tax assessed by the Public Service Commission of Kentucky. This tax is based on intrastate revenues, less one-half of power cost, using a rate determined by the PSC.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 5 of the application.

- a. Provide an update of the current interest rates for outstanding long-term debt as of the most recent date available and continue to update monthly until the date of the hearing in this proceeding.
- b. On page 2 under RUS loans, Loan 1B333 in the amount of \$1,000,000 has an issue date of November 2005 and is listed as outstanding as of July 31, 2009. However, this loan is not listed as outstanding as of December 31, 2008 on page 3. Explain this discrepancy.

Responses:

30.a.

Schedule is attached.

30.b.

The date of issue as defined by RUS is the date that RUS approves the loan, regardless of when the advance is made. That is why the date of the loan is November 2005.

Shelby Energy Cooperative

Question 30

Case No. 2009-00410

PSC-2-30

Schedule of Outstanding Long-Term Debt
as of January 31, 2010

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col (d)x(g) (j)	Test Year Interest Cost
RUS loans						
1B220	Apr-75	Apr-10	18,263	5.000%	913	918
1B230	Jan-76	Jan-11	35,218	5.000%	1,761	1,770
1B240	Mar-77	Feb-12	2,622,312	5.000%	131,116	131,771
1B300	Dec-92	Dec-27	1,312,348	5.000%	65,617	65,945
1B310	Dec-94	Dec-29	740,046	6.000%	44,403	40,906
1B315	Dec-94	Dec-29	692,008	3.500%	24,220	29,557
1B320	Apr-98	Mar-33	1,407,120	3.000%	42,214	42,425
1B325	Apr-98	Mar-33	826,173	4.250%	35,112	33,212
1B326	Apr-98	Mar-33	621,789	4.500%	27,981	25,777
1B330	Nov-05	Oct-40	4,895,836	4.750%	232,552	209,113
1B331	Nov-05	Oct-40	983,067	4.300%	42,272	39,766
1B332	Nov-05	Oct-40	992,118	3.060%	30,359	33,951
1B333	Nov-05	Oct-40	1,000,000	4.530%	45,300	37,326
			<u>16,146,298</u>		<u>723,819</u>	<u>692,438</u>
FFB loans						
H0010	Sep-99	Aug-34	2,009,649	4.512%	90,675	93,849
H0020	Sep-99	Aug-34	879,733	4.472%	39,342	40,719
H0025	Sep-99	Aug-34	972,347	5.298%	51,515	53,318
H0030	May-01	Apr-36	898,754	4.408%	39,617	41,004
H0035	May-01	Apr-36	915,650	5.316%	48,676	50,380
H0040	May-01	Apr-36	905,153	4.630%	41,909	43,375
H0045	May-01	Apr-36	906,994	4.554%	41,305	42,750
H0050	May-01	Apr-36	2,262,627	4.787%	108,312	112,103
H0055	May-01	Apr-36	1,179,800	4.392%	51,817	53,630
H0060	May-01	Apr-36	1,544,892	4.474%	69,118	71,538
H0065	May-01	Apr-36	1,849,134	4.207%	77,793	80,516
H0070	May-01	Apr-36	1,303,431	4.463%	58,172	60,077
			<u>15,628,164</u>		<u>718,251</u>	<u>743,258</u>
CFC loans						
9005	Apr-75	Apr-10	10,095	6.05%	611	519
9006	Jan-76	Jan-11	18,438	6.10%	1,125	956
9007	Mar-77	Feb-12	68,423	6.15%	4,208	3,577
9008	Jun-78	Jun-13	161,810	6.25%	10,113	8,596
9009	Feb-81	Jan-16	176,782	6.30%	11,137	9,467
9010	Jun-83	May-18	122,424	6.40%	7,835	6,660
9011	Oct-85	Oct-20	338,312	6.55%	22,159	18,836
9012	Apr-89	Apr-24	404,624	6.55%	26,503	22,527
9013	Aug-91	Aug-26	602,186	6.60%	39,744	33,783
9014	Dec-93	Dec-98	624,338	6.65%	41,518	35,291
9015	Apr-95	Mar-00	1,266,037	6.40%	81,026	76,903
			<u>3,793,469</u>		<u>245,980</u>	<u>217,114</u>
Total long term debt and annualized cost			<u>35,567,931</u>		<u>1,688,050</u>	<u>1,652,810</u>
Annualized cost rate [Total Col. (j) / Total Col. (d)]					4.75%	
Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]					4.65%	

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit 7 of the application. Provide the calculation of the proposed contribution cost resulting in the amount of \$455,356. Explain why the correct proposed contribution cost is not \$384,492.

Response:

The adjustment referenced a cell in its calculation that should have resulted in an adjustment of \$384,492.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 9 of the application.

- a. Page 3 shows five payments to Mathis, Riggs & Prather totaling \$3,269.19 for "Employee complaint BS." Fully explain the nature of these expenditures and why Shelby Energy considers this to be a normal recurring expense.
- b. Pages 4 and 5 show five payments to HR Enterprise totaling \$11,866.00. Fully explain the nature of these expenditures and why Shelby Energy considers this to be a normal recurring expense.
- c. Page 4 shows payments to Frost, Brown & Todd, PLLC totaling \$110,256.06 for union negotiations.
 - (1) Given that this expense is associated with establishing an initial union contract with hourly employees, would Shelby Energy expect a similar level of costs to be incurred when the current contract expires and negotiations for the next contract begin?
 - (2) Fully describe the process that resulted in the selection of Frost, Brown & Todd, PLLC to negotiate this initial contract.
- d. Page 5 shows payments to Patterson & Dewar Engineering totaling \$41,564.60. Fully explain the nature of these expenditures and why Shelby Energy considers this to be a normal recurring expense.

Responses:

32.a.

A former employee of Shelby Energy filed a complaint with the PSC on July 7, 2008. The payments were made to the cooperative attorney, Don Prather, at the law firm of Mathis, Riggs & Prather for filing responses to this complaint and referenced to Case No. 2008-00277. This case is not expected to be recurring.

32.b.

HR Enterprises assisted Shelby Energy with reviewing and revising board policies, evaluating and assisting with various human resource issues, the preparation of a wage and salary study, the development of a wage and salary process and procedure, the design of a hiring and employee orientation process, and the review and revision of job descriptions. Some costs will be recurring such as those related to the preparation of a wage and salary study every three years, assistance with review and revision of remaining policies as needed, operating procedures, and job descriptions along with providing employee development training and assistance with human resource issues beyond the expertise of current staff. Shelby Energy expects recurring costs to be approximately \$7,500 annually.

32.c(1)

Shelby Energy does not expect a similar expense to be associated with negotiating the next contract. Shelby Energy does expect a portion to be recurring due to assistance

provided with grievances, arbitration, and review of the next contract after negotiations have taken place between Shelby Energy and Union representatives on a local level. Shelby Energy expects recurring costs to be approximately \$8,500 annually with these expenses. Anticipated costs for the next union negotiations are expected to be approximately \$60-\$75,000.

32.c(2)

The law firm of Frost, Brown & Todd, PLLC is well known for their expertise and experience in assisting companies with presenting the benefits of not having organized laboring in the work place or should the need arise, to assist with negotiations of a labor contract that is in the best interest of the organization's owners/members. Two associates at this firm who are normally very successful with this type of endeavor were selected. These were significant factors for Shelby Energy's board of directors and management when reviewing the services of Frost, Brown & Todd. The law firm came highly recommended from the cooperative community as having outstanding results in handling organized labor issues. One associate has negotiated contracts for other cooperatives with which we were familiar and appeared to be successful in obtaining a reasonable contract for their employees and their cooperative. This selection was discussed in detail with the full Board and several factors were considered; the success this firm has in showing employees the benefits of remaining non-union; Shelby Energy had no organized labor experience within the organization either by management or the board; our

management and supervisory staff needed immediate and expert education on our responsibilities and the law; Shelby Energy needed to know and understand how to operate as a union organization and keep member interest as the main focus; the importance of retaining an attorney that would excel in obtaining a fair contract so the cooperative could continue functioning in a sound financial manner; and finally the first contract would set an example for the years ahead and it was important to get it right for the future. Shelby Energy felt Frost, Brown & Todd offered the best skills to provide the opportunity to protect the cooperative members while remaining fair to employees.

32.d.

Patterson & Dewar Engineering (P&D) has provided professional engineering consulting services to assist Shelby Energy with developing a more safety-focused and comprehensive bid process to select construction and right of way contractors, provided an evaluation of the current mapping system with the goal of Shelby Energy to provide improved reliability and response to outage situations; reviewed the distribution system and assisted with the preparation of the arc flash operating procedures, evaluated transformer needs based on the Department of Energy standards, performed a full distribution system inspection and works with the cooperative on a biennial basis to perform said inspection, performing work order inspections, evaluated and will assisting with the installation of AMI, and licensed engineer acting as engineering manager until future organizational changes are complete and need positions filled. Shelby Energy expects recurring costs to be approximately \$74,500 annually.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 10 of the application.

- a. It appears that included in the per diem adjustment of \$600 are per diems also deducted for Ashley Chilton and Randy Stevens for attending the EKPC meeting as non-representatives. Is this correct?
- b. Refer to page 4. Explain the two credits of \$100 each listed under the Per Diem column.
- c. Refer to pages 3 through 10.
 - (1) Fully explain the nature of the other board meetings for which the board members were paid \$100.
 - (2) Fully explain why the compensation for regular board meetings paid to Roger Taylor and Randy Stevens is at a different rate than that paid to the other board members. Provide copies of any applicable policies that support the amounts paid.

Responses:

33.a.

This is correct.

33.b.

Director Busey was inadvertently overpaid for attending meetings prior to the test year. These were to reimburse Shelby for the overpayment.

33.c(1)

Meetings with legal council in regards to the union negotiations and the process of forming a union.

33.c(2)

Refer to Exhibit 10, page 12-14 of the Application for Policy No. 106 that addresses Board compensation. Director Taylor selected Option (2), whereby Shelby does not pay for his health insurance premiums. Director Stevens was elected after July 1, 1996, therefore, he was required to be compensated under Option (3). Shelby does not pay health insurance premiums for Directors elected after July 1, 1996.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit 12 of the application, which shows the estimate of Shelby Energy's expenses associated with this rate case. On a monthly basis beginning with August 2009, provide the amount of Shelby Energy's actual rate case expense, broken down in the same categories as the estimate.

Response:

	<u>October</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>Total</u>
Attorney		200			200
Consultants	451	41,275			41,726
Advertising			1,420		1,420
Supplies			1,303		1,303
Total	451	41,475	2,723	0	44,649

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Exhibit 21 of the application. Explain why Shelby Energy did not pay any capital credits in 2009.

Response

Capital credits are generally refunded during December of each year. Shelby refunded capital credits during December 2009 in the amount of \$337,967.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 11, Customer Assistance - Account 908.00, page 2.

- a. Describe the nature of the expenditure of \$125.00 for annual membership fee paid to the Shelbyville Board of Realtors and explain how this expenditure benefits Shelby Energy customers.
- b. Describe the nature of the expenditure of \$235.57 for photo supplies paid to Visa and explain how this expenditure benefits Shelby Energy customers.

Responses:

36.a.

Shelby attends local meetings of realtors and builders to inform them of the conservation and efficiency programs that Shelby offers. In addition, Shelby can be informed of what the builders are being requested by homeowners about what they would like for conservation and efficiency options.

36.b.

This is a camera and supplies that is used to take pictures during safety demonstrations, during the Safety Coordinator's inspection of employees and contractors, and when pictures are required for documentation purposes.

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 11, Informational Expense - Account 909.00, pages 3 through 5.

- a. Describe the nature of the expenditure of \$1,119.36 for "History of Ky cooperatives book" paid to Plum Lick Publishing and explain how this expenditure benefits Shelby Energy customers.
- b. Describe the nature of the expenditure of \$72.00 for "Button up" paid to Helen Robak and explain how this expenditure benefits Shelby Energy customers.
- c. Describe the nature of the expenditure of \$159.00 for "HR magazine subscription" paid to Ragan Communications and explain how this expenditure benefits Shelby Energy customers.
- d. Describe the nature of the expenditure of \$774.00 for "Ice storm restoration" paid to The Sentinel News and explain how this expenditure benefits Shelby Energy customers.
- e. Describe the nature of the expenditure of "KAEC \$424.00 Ice storm books" and explain how this expenditure benefits Shelby Energy customers.
- f. Listed on pages 3 and 4 are six payments for safety ads to K-95 WKID totaling \$652.50. Provide copies of each ad listed.

- g. Listed on pages 3 and 4 are two payments for safety and conservation ads to Trimble Banner Democrat totaling \$644.00. Provide copies of each ad listed.
- h. Listed on pages 3 and 4 are four payments for safety and conservation ads to The Sentinel News totaling \$1,512.88. Provide copies of each ad listed.
- i. Listed on pages 3 and 4 are five payments for safety and conservation ads to Forever Communications totaling \$750.00. Provide copies of each ad listed.
- j. Listed on page 4 is a payment for a safety ad to the News Democrat for \$129.00. Provide a copy of the ad listed.
- k. Verify that the amount to exclude for rate-making purposes of \$3,910.53 is correct.

Responses:

37.a.

This is a book written about the history of all Kentucky electric cooperatives, a brief description about how they were initially established, early leaders, and member history. A copy of the book was given to each school library in Shelby's service territory, local business leaders, employees and directors of Shelby Energy. Members benefit by learning the reason why the cooperative was established and how it was operated.

37.b.

Button Up payments are made to consumers for energy conservation (insulation, weather stripping, etc) which promotes demand side management efforts of Shelby. These programs benefit all consumers of Shelby.

37.c.

This is a magazine for Human Resource managers of the cooperative. This assists in ensuring that employees/employers comply with local and national laws related to employees in the workforce. Employees, employers, and consumers all benefit from complying with workplace laws, rules, and regulations.

37.d.

This was an insert in the local newspaper thanking members for their assistance and patience during the January 2009 ice storm. Members benefit in that their actions, or inactions, resulted in a systematic restoration of electricity to members.

37.e.

This book details the items in 37.d. above, on a state level, instead of specifically to Shelby's service territory. These books were given to local school libraries, other local libraries, local business leaders, employees and directors. The items in the book detail the effects of the storm, and will assist Shelby, and its members, during future ice storms and disasters.

37.f.

Copies attached.
Pages 5-17

37.g.

Copies attached.
Pages 18-21

37.h.

Copies attached.
Pages 22-31

37.i.

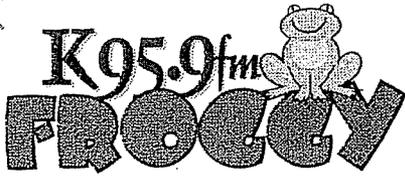
Copies attached.
Pages 32-47

37.j.

Copies attached.
Pages 48-49

37.k.

This is correct.



118 West Main Street - Vevay, Indiana 47043
(812)427-9590

Item 37
Page 5 of 49

* S T A T E M E N T *

Shelby Energy
Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

502-633-4420

Date
09/02/08

Client
Number
2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
80314	08/31	28	Commercials	95.00		0.00	95.00	95.00

Balance Due: \$95.00

Payment due: 09/15/08

*OK
909
MSEP02
JF 9/4/08*

Last Pymt	Aging Analysis:				
07/10	0-30	31-60	61-90	91-120	121+ Days
	\$95.00	\$0.00	\$0.00	\$0.00	\$0.00

Commercial Scripts

Radio Station WKID-FM
118 West Main Street
Vevay, Indiana 47043

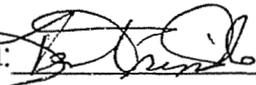
Scrip # 1210
Shelby Energy
Length :30

Shelby Energy
Theresa Atha
620 Old Finchville Rd
Shelbyville, Ky 40065

THE FOLLOWING AIRED 08/18/08 to 08/31/08

ELECTRICITY PLAYS AN IMPORTANT IN TODAY'S FARMING. SHELBY ENERGY
WANTS YOU TO BE CAREFUL WHILE HARVESTING THIS SEASON. BE SURE TO LOWER
ALL EQUIPMENT BEFORE PASSING NEAR OR BENEATH POWER LINES. NEVER
ATTEMPT TO RAISE OR MOVE A POWER LINE. BE CAREFUL TO AVOID GUIDE
WIRES. DAMAGING GUIDE WIRES WEAKEN THE SUPPORT FOR POWER LINES. FOR
MORE SAFETY INFORMATION CALL SHELBY ENERGY. YOUR TOUCHSTONE
ENERGY PARTNER OR ON THE WEB SHELBYENERGY.COM. SAFETY IS OUR
NUMBER ONE CONCERN.

I certify that the above commercial was ran 08-18-08 TO 08-31-08

Signed:  _____

Affirmed this 1st day of September .2008

In testimony whereof I have set my Hand and Seal the day and year aforesaid. My commission
expires 11/30/11


NOTARY PUBLIC



118 West Main Street - Vevay, Indiana 47043
(812)427-9590

909 MSEX02
OK PA
10/14/08

Item 37
Page 7 of 49

* STATEMENT *

Shelby Energy
Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

502-633-4420

Date
10/01/08

Client
Number
2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
			Balance Forward					95.00
44974	09/09		Paym't				95.00	0.00
90314	09/30	60	Commercials	95.00		0.00	95.00	95.00

Balance Due: \$95.00

Payment due: 10/15/08

Last Pymt	Aging Analysis:				121+ Days
	0-30	31-60	61-90	91-120	Days
09/09	\$95.00	\$0.00	\$0.00	\$0.00	\$0.00

FROGgy
K95.9FM WKID



Item 37
Page 8 of 49

118 West Main Street, Vevay, IN 47043

Script: Shelby Energy

Schedule: 314

Length: 30 seconds

Start Date: 09/01/08

End Date: 09/30/08

THE FOLLOWING ANNOUNCEMENTS SCHEDULED 09/01/08 THROUGH 09/30/08

Electricity plays an important part in today's farming. Shelby Energy asks you to be careful while harvesting this season. Be sure to lower all equipment before passing near or beneath power lines. Never attempt to raise or move a power line. Be careful to avoid guide wires. Damaging guide wires weaken the support for power lines. For more safety information call Shelby Energy, your Touchtone Energy Partner or on the web at shelbyenergy.com. [[bed]]

I certify that the above script was aired within 5 minutes of the scheduled times.

Signed

Affirmed this 1st day of October, 2008.

In testimony whereof I have set my hand and seal the day and year aforesaid

My commission expires 11 / 30 / 2011.

Notary Public



West Main Street - Vevay, Indiana 47043
(812)427-9590

* S T A T E M E N T *

Item 37
Page 9 of 49

Shelby Energy
Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

502-633-4420

Date
12/01/08

Client
Number
2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
110841	11/30	20	Commercials	100.00		0.00	100.00	100.00

Balance Due: \$100.00

Payment due: 12/15/08

#909
MSEK02
12-4-08 JJ

Last Pymt	Aging Analysis:				121+ Days
	0-30	31-60	61-90	91-120	
10/21	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00

HAVE A HAPPY HOLIDAY!

Commercial Script

Item 37
Page 10 of 49

Radio Station WKID-FM
118 West Main Street
Vevay, IN 47043

Script # 1108
SHELBY ENERGY
Length: 30

Shelby Energy
Attn: Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

THE FOLLOWING RAN AS SCHEDULED: 11/24/08 THRU 11/27/08

MAY YOUR CELEBRATION OF THANKSGIVING BE TWICE BLESSED BY THE LOVE OF FAMILY AND FRIENDS. AND IF YOU ARE PLANNING ON DECORATING FOR THE HOLIDAYS BE EXTRA CAREFUL AROUND ELECTRICITY. PLAY IT SAFE WHEN DEALING WITH ELECTRICAL DECORATIONS. HAPPY THANKSGIVING FROM EVERYONE AT SHELBY ENERGY COOPERATIVE...YOUR TOUCHSTONE ENERGY PARTNER...

=====
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
=====

The announcement was broadcast _____ times as entered in the station's records.
The times this announcement was broadcast were billed to the above client on our Invoice # 110841 dated as per the attached Affidavit of Performance.

Sworn to and subscribed before me and in my presence on this 1st day of Dec 2008.

Helen Kaelman
Cary Public

[Signature]
General Manager



118 West Main Street - Vevay, Indiana 47043
(812)427-9590

Page 11 of 49 Item 37

* S T A T E M E N T *

Shelby Energy
Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

502-633-4420

Date
01/02/09

Client
Number
2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
			Balance Forward					100.00
45593	12/11		Paym't				100.00	0.00
120314	12/31	24	Commercials	100.00		0.00	100.00	100.00

Balance Due: \$100.00

Payment due: 01/15/09

*909
MSEX 02
1-6-09*

Last Pymt	Aging Analysis:				
	0-30	31-60	61-90	91-120	121+ Days
12/11	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00

From all of us at FROGGY Radio HAPPY NEW YEAR!

Commercial Script

Item 37
Page 12 of 49

Radio Station WKID-FM
118 West Main Street
Vevay, IN 47043

Script # 1187
SHELBY ENERGY
Length: 30

Shelby Energy
Attn: Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

THE FOLLOWING SCHEDULED 12/15/08 THROUGH 12/20/08

THIS HOLIDAY SEASON, WHEN DEALING WITH ELECTRICAL DECORATIONS, SHELBY ENERGY COOPERATIVE REMINDS YOU TO BE CAREFUL WHEN WORKING WITH ELECTRICITY. TAKE SPECIAL CARE WHEN HANDLING LADDERS, POLES AND OTHER LONG OBJECTS NEAR POWER LINES. LOOK UP AND MAKE SURE YOU'RE A SAFE DISTANCE FROM OVERHEAD LINES. SHELBY ENERGY COOPERATIVE SAYS BE SAFE THIS HOLIDAY SEASON AND HAVE A VERY MERRY CHRISTMAS FROM YOUR FRIENDS AT SHELBY ENERGY COOPERATIVE...YOUR TOUCHTONE ENERGY PARTNER...

=====
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
_____ spots at _____ each for \$ _____ _____ spots at _____ each for \$ _____
=====

The announcement was broadcast _____ times as entered in the station's records.
The times this announcement was broadcast were billed to the above client on our Invoice # 120314 dated as per the attached Affidavit of Performance.

Sworn to and subscribed before me and in my presence on this 5th day of JAN 2007

Nelma Peelman
Notary Public

[Signature]
General Manager



118 West Main Street - Vevay, Indiana 47043
(812)427-9590

* STATEMENT *

Page 13 ^{Item 37} of 49

Shelby Energy
Theresa Atha
620 Old Finchville Rd.
Shelbyville, KY 40065

502-633-4420

Date
04/01/09

Client
Number
2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
30314	03/31	62	Commercials	125.00		0.00	125.00	125.00

Balance Due: \$125.00

Payment due: 04/15/09

909
MS/EK02
JA 4-2-09

Last Pymt	Aging Analysis:				
	0-30	31-60	61-90	91-120	121+ Days
01/13	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00



118 West Main Street - Vevay, Indiana 47043
 (812)427-9590

Item 37
 Page 15 of 49

 * S T A T E M E N T *

Shelby Energy
 Theresa Atha
 620 Old Finchville Rd.
 Shelbyville, KY 40065

502-633-4420

Date
 06/01/09

Client
 Number
 2 - 142

Bill Cycle: Monthly

Sales Staff # 9: Helen Peelman

Ref #	Posted	Qty	Description	Gross	Agy Disc	Tax	Amount	Balance
50314	05/31	15	Commercials	137.50		0.00	137.50	137.50
							Balance Due:	\$137.50

Payment due: 06/15/09

*OK
 909
 M SEYDZ
 6-17-09*

Safety + Environmental

Last Pymt	Aging Analysis:				
	0-30	31-60	61-90	91-120	121+ Days
04/09	\$137.50	\$0.00	\$0.00	\$0.00	\$0.00

Item 37
Page 17 of 49

Commercial Scripts

Radio Station WKID-FM
18 West Main Street
Evay, Indiana 47043

Script # 1071
Length :30

Shelby Energy
Theresa Atha
20 Finchville Rd
Shelbyville, Kentucky 40065

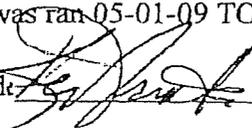
SAFETY MESSAGES

THE FOLLOWING AIRED 05/01/09 TO 05/31/09

On the farm, it seems like there's never enough time; run to town for a new part, hurry to beat the rain or rush to finish before dark..in the middle of the hustle, take a few seconds for safety. Look up, make sure your farm equipment will clear overhead wires in the field and farmyard. Don't take necessary chances, be sure all farm hands are aware of overhead power lines. A safety message from your friends and neighbors at Shelby Energy, your Touchstone Energy Cooperative.

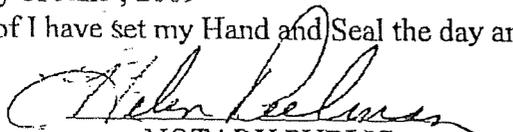
Planning a yard project? Call Kentucky Underground at 1-800-752-6007 two business days before you plan to dig to make sure you won't be disturbing electrical wiring, communication cables or sewer and gas lines. Even if your're not doing a large project, please call Kentucky Underground before you dig. Just planting a tree or installing a fence could put you in danger. This safety message brought to you from your friends and neighbors at Shelby Energy, your Touchstone Energy Coopeative.

certify that the above commercial was ran 05-01-09 TO 05-31-09

Signed: 

Affirmed this 1st day of June , 2009

in testimony whereof I have set my Hand and Seal the day and year aforesaid. My commission expires 11/30/11


NOTARY PUBLIC



THE TRIMBLE BANNER DEMOCRAT
PO BOX 289
BEDFORD, KY 40006-0289

1 BILLING PERIOD		2 ADVERTISER/CLIENT NAME	
SEPTEMBER 2008		SHELBY ENERGY <i>Item 37</i>	
23 NET AMOUNT DUE	3	TERMS OF PAYMENT	
322.50		PAYMENT DUE BY 10/27 <i>Page 18 of 49</i>	
21 CURRENT NET AMOUNT DUE	22	30 DAYS	60 DAYS
322.50		.00	.00
			90 DAYS
			.00

ADVERTISING INVOICE and STATEMENT

4 BILLED ACCOUNT NAME AND ADDRESS		9 REMITTANCE ADDRESS	
SHELBY ENERGY TERESA ATHA 620 OLD FINCHVILLE ROAD SHELBYVILLE KY 40066-0309		THE TRIMBLE BANNER DEMOCRAT LANDMARK COMM. NEWSPAPERS PO BOX 1118 SHELBYVILLE, KY 40066-1118	

4 PAGE #	5 BILLING DATE	6 BILLED ACCOUNT NUMBER	7 ADVERTISER/CLIENT NAME	Change of address? Please mark changes above.	AMOUNT PAID \$ _____
1	9/30/2008	27-181412			

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

10 DATE	11 REP	12	14	15 SAU/BILLED	16	18 RATE	19 GROSS AMOUNT	DISCOUNT	20 NET AMOUNT
		PREVIOUS BALANCE					.00		.00
9/24		TRIMBLE COUNTY GUIDE		.00			320.00	.00	320.00
		INSIDE BACK - TC GUIDE							
9/24		TRIMBLE COUNTY GUIDE		.00			.00	.00	.00
		FULL							
9/24		INSIDE BACK - TC9824302					2.50		2.50
		TOTAL TRIMBLE BANNER-DEMOCRAT					322.50	.00	322.50
TOTAL DUE							322.50	.00	322.50

*909
M52459
10/14/08*

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED

21 CURRENT NET AMOUNT DUE	22	30 DAYS	60 DAYS	90 DAYS	23 GROSS AMOUNT DUE	24 NET AMOUNT DUE
322.50		.00	.00	.00	322.50	322.50

BILLING QUESTIONS THE TRIMBLE BANNER, PO BOX 289, BEDFORD, KY 40006-0289
PLEASE CONTACT: 502-732-4261

25 ADVERTISER INFORMATION			
26 BILLING PERIOD	27 BILLED ACCOUNT NUMBER	28 ADVERTISER/CLIENT NUMBER	29 ADVERTISER/CLIENT NAME
SEPTEMBER 2008	27-181412		SHELBY ENERGY
30 YEAR TO DATE DOLLARS	31 CONTRACT EXPIRATION	32 CONTRACT REQUIREMENTS	33 CONTRACT CURRENT MONTH
884.50			
34 CONTRACT CUMULATIVE			



You have the power to make a difference.

Fuels used to generate electricity are getting more expensive. That's driving prices up.
Your electric cooperative is working hard to make a difference.

And you can do your part, too.

Caulk or weather strip windows and doors to make your home more energy efficient.
A typical home can lose as much as one-third of its heat through leaks.
Contact your local electric co-op for more information.



Your Touch, one from many. 



THE TRIMBLE BANNER DEMOCRAT
PO BOX 289
BEDFORD, KY 40006-0289

BILLING PERIOD		ADVERTISER/CUSTOMER NAME	
JUNE 2009		SHELBY ENERGY <i>Item 37</i>	
NET AMOUNT DUE		TERMS OF PAYMENT	
321.50		PAYMENT DUE BY <i>7/3 Page 20 of 49</i>	
CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS
321.50	.00	.00	.00

ADVERTISING INVOICE and STATEMENT

BILLER ACCOUNT NAME AND ADDRESS		REMITTANCE ADDRESS	
SHELBY ENERGY TERESA ATHA 620 OLD FINCHVILLE ROAD SHELBYVILLE KY 40066-0309		THE TRIMBLE BANNER DEMOCRAT LANDMARK COMM. NEWSPAPERS PO BOX 1118 SHELBYVILLE, KY 40066-1118	

PAGE #	BILLING DATE	BILLED ACCOUNT NUMBER	ADVERTISER/CUSTOMER NAME	Change of address? Please mark changes above.	AMOUNT PAID \$
1	6/30/2009	27-181412			

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

DATE	DESCRIPTION	AMOUNT	AMOUNT	AMOUNT	AMOUNT
6/03	PREVIOUS BALANCE		.00		.00
	GRAD TAB		.00	47.00 ✓	47.00
	1\8 PG GRAD				
6/10	FAIR TAB		.00	272.00 ✓	272.00
	FULL PG TC FAIR				
6/10	ADSPPLUS/MARKETPL8101156			2.50 ✓	2.50
	TOTAL TRIMBLE BANNER-DEMOCRAT			321.50	321.50
TOTAL DUE				321.50	321.50

*OK 7-9-09
#909
MSEP 59*

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5 % PER MONTH (18 % ANNUAL PERCENTAGE RATE) WILL BE IMPOSED					
CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS	GROSS AMOUNT DUE	NET AMOUNT DUE
321.50	.00	.00	.00	321.50	321.50

OR BILLING QUESTIONS THE TRIMBLE BANNER, PO BOX 289, BEDFORD, KY 40006-0289
PLEASE CONTACT: 502-732-4261

BILLING PERIOD		BILLED ACCOUNT NUMBER		ADVERTISER/CUSTOMER NAME	
JUNE 2009		27-181412		SHELBY ENERGY	
YEARS TO DATE	DOLLARS	CONTRACT EXPIRATION		CONTRACT CUMULATIVE	
1	321.50				

Life Lesson #23:



*“Keep your sense of fun
and childlike wonder.”*

And remember that pets and children are eternally curious so don't let them play around electrical cords or outlets.

Safety is #1.

For more electrical safety information:
www.shelbyenergy.com



Shelby Energy
Cooperative

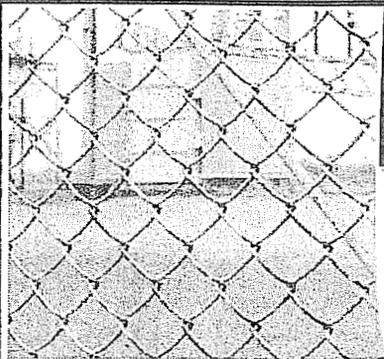
®

Your Touchstone Energy® Partner



Item 37
Page 23 of 49

BORS



DANGER



**KEEP OUT
NO TRESPASSING
HIGH VOLTAGE
EQUIPMENT INSIDE**
OWNED AND OPERATED BY:
EAST KENTUCKY POWER COOP.
IN CASE OF EMERGENCY, CALL COLLECT
1-800-333-3333

Copper Theft

A Matter of Life & Death

Copper theft is a crime that causes some people to lose power...and others their lives.

You can help prevent copper theft in your community - and maybe save someone's life -- by reporting suspicious activity at substations, along power lines, or on utility property to local law enforcement officials.



Shelby Energy Cooperative

® Your Touchstone Energy® Partner



Shelbyville

HALL-TAYLOR

Executive Home Inc

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by Energy will
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to make sure
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n just a slogan.
our personal
nmitment.

Shelby Energy
Cooperative

Touchstone Energy® Partner

EDDED



Happiness
by Art Gallery
RY 4, 2009

AN
oni Yale University Art
ie exhibition was made
and friends.

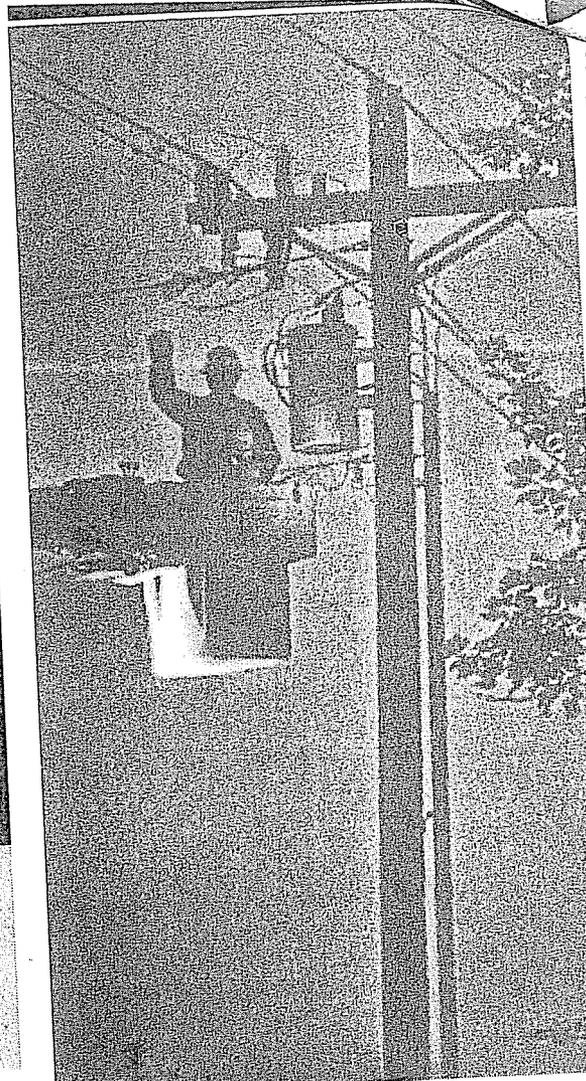
John Trumbull (American,
1756-1843), *The Declaration
of Independence, July 4, 1776*,
1786-1820, Oil on canvas,
Yale University Art Gallery,
Trumbull Collection

AG

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Shelby
would like to thank
members for their
cooperation and help
during last week's storm-^{Jan 31}
related power outages. ^{pg 24 of 49}

As you know, damaging
winds swept through the
area, disrupting power to
members in Carroll, Henry,
Shelby and Trimble
counties.

Electricity is an important
part of lives. And being
without it for just a short
time can be a big
inconvenience. That's why
Shelby Energy takes power
outages very seriously.
Last week, our line crews
worked around the clock to
restore power as quickly
and safely as possible.

Your cooperation
certainly made our
jobs a lot easier.
And for that we
sincerely thank you.

Shelby Energy will
continue to work
hard to make sure
you receive
reliable electric
service. For
us, quality and
value are more
than just a slogan.
It's our personal
commitment.



Shelby Energy
Cooperative

® Your Touchstone Energy® Partner



THE SENTINEL-NEWS
PO BOX 399
SHELBYVILLE, KY 40066-0399

HOY EN LAS AMERICAS

BILLING PERIOD		ADVERTISER/CLIENT NAME	
OCTOBER 2008		SHELBY ENERGY COOPERATIVE <i>Item 37</i>	
NET AMOUNT DUE		TERMS OF PAYMENT	
138.88		PAYMENT DUE BY 11/28 <i>Page 25 of 49</i>	
CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS
138.88	.00	.00	.00

ADVERTISING INVOICE and STATEMENT

SHELBY ENERGY COOPERATIVE
ATTN: THERESA ATHA
620 OLD FINCHVILLE RD
SHELBYVILLE KY 40065-1714

THE SENTINEL NEWS
LANDMARK COMM. NEWSPAPERS
PO BOX 1118
SHELBYVILLE, KY 40066-1118

PAGE #	BILLING DATE	BILLED ACCOUNT NUMBER	ADVERTISER/CLIENT NAME	Change of address? Please mark changes above.	AMOUNT PAID \$
1	10/31/2008	19-018007			

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

DATE	DESCRIPTION - COMMENTS	SALES/BILLED UNITS	GROSS AMOUNT	DISCOUNT	NET AMOUNT
10/21	PREVIOUS BALANCE		605.00		605.00
10/01	PAYMENT CK # 45264		605.00-		605.00-
10/01	Kentucky Combo Ad	3X10.50	133.88	.00	133.88
10/01	ADSPPLUS/MARKETPLACE	.00	5.00	.00	5.00
	TOTAL SENTINEL-NEWS		138.88	.00	138.88
	*** TEARSHEETS IN SEPARATE MAILING <i>someone to flow them to us</i>				
	TOTAL DUE		138.88	.00	138.88

11-11-08
MSBY
I called 11-21-08 for tearsheets

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED

CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS	GROSS AMOUNT DUE	NET AMOUNT DUE
138.88	.00	.00	.00	138.88	138.88

OR BILLING QUESTIONS PLEASE CONTACT: THE SENTINEL-NEWS, PO BOX 399, SHELBYVILLE, KY 40066-0399
502-633-2526

BILLING PERIOD	BILLED ACCOUNT NUMBER	ADVERTISER INFORMATION	ADVERTISER/CLIENT NAME
OCTOBER 2008	19-018007		SHELBY ENERGY COOPERATIVE
YEAR TO DATE / DOLLARS	CONTRACT EXPIRATION	CONTRACT REQUIREMENTS	CONTRACT CURRENT MONTH
3905.93			

Item 37
26 of 49

Shelby Energy Cooperative would like to thank our members for their cooperation and help during last week's storm-related power outages. As you know, damaging winds swept through the area, disrupting power to members in Carroll, Henry, Shelby and Trimble counties.

Electricity is an important part of lives. And being without it for just a short time can be a big inconvenience. That's why Shelby Energy takes power outages very seriously. Last week, our line crews worked around the clock to restore power as quickly and safely as possible.

Your cooperation certainly made our jobs a lot easier. And for that we sincerely thank you.

Shelby Energy will continue to work hard to make sure you receive reliable electric service. For us, quality and value are more than just a slogan. It's our personal commitment.



Shelby Energy Cooperative

® Your Touchstone Energy® Partner 

10/08



THE SENTINEL-NEWS
PO BOX 399
SHELBYVILLE, KY 40066-0399

HOY EN LAS AMERICAS

BILLING PERIOD	MAY 2009	ADVERTISER/CLIENT NAME	SHELBY ENERGY COOPERATIVE <i>Item 37</i>
NET AMOUNT DUE	365.00	TERMS OF PAYMENT	PAYMENT DUE BY 6/26 <i>Page 27 of 49</i>
CURRENT NET AMOUNT DUE	365.00	30 DAYS	.00
		60 DAYS	.00
		90 DAYS	.00

ADVERTISING INVOICE and STATEMENT

BILLED ACCOUNT NAME AND ADDRESS
SHELBY ENERGY COOPERATIVE
ATTN: THERESA ATHA
620 OLD FINCHVILLE RD
SHELBYVILLE KY 40065-1714

REMITTANCE ADDRESS
THE SENTINEL NEWS
LANDMARK COMM. NEWSPAPERS
PO BOX 1118
SHELBYVILLE, KY 40066-1118

PAGE #	ISSUING DATE	BILLED ACCOUNT NUMBER	ADVERTISER/CLIENT NAME
1	5/31/2009	19-018007	

Change of address?
Please mark changes
above.

AMOUNT PAID \$ _____

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE
TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

TO DATE	DATE	DESCRIPTION/COMMENT	SAV/STILL	UNITS	GROSS AMOUNT	DISCOUNT	NET AMOUNT
5/19		PREVIOUS BALANCE			405.30		405.30
5/22		PAYMENT CK #046662			405.30-		405.30-
		FAIR	.00		365.00	.00	365.00
		FULL PAGE					
		TOTAL SENTINEL-NEWS			365.00	.00	365.00
		*** TEARSHEETS IN SEPARATE MAILING					
		TOTAL DUE			365.00	.00	365.00

JA 6-15-09
909
MSEX57

STATEMENT OF ACCOUNT	IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED						
CURRENT NET AMOUNT	365.00	30 DAYS	.00	60 DAYS	.00	90 DAYS	.00
GROSS AMOUNT DUE						365.00	NET AMOUNT DUE
						365.00	365.00

FOR BILLING QUESTIONS THE SENTINEL-NEWS, PO BOX 399, SHELBYVILLE, KY 40066-0399
PLEASE CONTACT: 502-633-2526

BILLING PERIOD		BILLED ACCOUNT NUMBER		ADVERTISER/CLIENT NAME	
MAY 2009		19-018007		SHELBY ENERGY COOPERATIVE	
YEAR TO DATE DOLLARS	CONTRACT EXPIRATION	CONTRACT REQUIREMENTS	CONTRACT CURRENT MONTH	CONTRACT CUMULATIVE	
2351.55					

19

shelby Energy

SHELBY COUNTY A&M ASSOCIATION / 21

Life Lesson #31

Item 37

Page 28 of 49



“Cherish your family and your friends, everything else is just stuff”

Whether you're sprucing up your yard, putting in a pool or building a fence, before you dig, be safe, and Call 811 Before You Dig. They'll notify local utilities and request markings of underground lines.

Don't take unnecessary chances, Call 811 Before You Dig.

Another safety message from ...



Shelby Energy
Cooperative

®

Your Touchstone Energy® Partner



Visit <http://www.shelbyenergy.com> for more safety tips and energy saving ideas.



THE SENTINEL-NEWS
PO BOX 399
SHELBYVILLE, KY 40066-0399
HOY EN LAS AMERICAS

BILLING PERIOD		ADVERTISER/CLIENT NAME	
MARCH 2009		SHELBY ENERGY COOPERATIVE <i>Item 37</i>	
NET AMOUNT DUE	TERMS OF PAYMENT		
404.00	PAYMENT DUE BY 4/24 <i>Page 29 of 49</i>		
CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS
404.00	.00	.00	.00

ADVERTISING INVOICE and STATEMENT

BILLED ACCOUNT NAME AND ADDRESS	REMITTANCE ADDRESS
SHELBY ENERGY COOPERATIVE ATTN: THERESA ATHA 620 OLD FINCHVILLE RD SHELBYVILLE KY 40065-1714	THE SENTINEL NEWS LANDMARK COMM. NEWSPAPERS PO BOX 1118 SHELBYVILLE, KY 40066-1118

PAGE #	BILLING DATE	BILLED ACCOUNT NUMBER	ADVERTISER/CLIENT NAME	Change of address? Please mark changes above.	AMOUNT PAID \$
1	3/31/2009	19-018007			

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

DATE	DESCRIPTION	SAV/BILLED UNITS	RATE	GROSS AMOUNT	DISCOUNT	NET AMOUNT
3/13	PREVIOUS BALANCE			774.00		774.00
3/25	PAYMENT CK #0			774.00-		774.00-
3/25	SC DIRECTORY	.00		215.00	.00	215.00
3/25	HALF VERTICAL					
3/25	SC DIRECTORY	.00		179.00	.00	179.00
3/25	HENRY CO- HALF PAGE					
3/25	ONLINE ADSPLUS/M			10.00		10.00
	TOTAL SENTINEL-NEWS			404.00	.00	404.00
	*** TEARSHEETS IN SEPARATE MAILING					
	TOTAL DUE			404.00	.00	404.00

909
MSEK01
4-9-09
JA

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED

CURRENT NET AMOUNT	30 DAYS	60 DAYS	90 DAYS	GROSS AMOUNT DUE	NET AMOUNT DUE
404.00	.00	.00	.00	404.00	404.00

FOR BILLING QUESTIONS THE SENTINEL-NEWS, PO BOX 399, SHELBYVILLE, KY 40066-0399
PLEASE CONTACT: 502-633-2526

ADVERTISER INFORMATION					
BILLING PERIOD	BILLED ACCOUNT NUMBER	ADVERTISER/CLIENT NUMBER	ADVERTISER/CLIENT NAME		
MARCH 2009	19-018007		SHELBY ENERGY COOPERATIVE		
YEAR TO DATE DOLLARS	CONTRACT EXPIRATION	CONTRACT REQUIREMENTS	CONTRACT CURRENT MONTH	CONTRACT CUMULATIVE	
1581.25					

insight on our countywide problem-solving efforts, please contact the CARE Team office at (502) 878-0001 from 8 a.m. to 4:30 p.m. Monday through Friday.

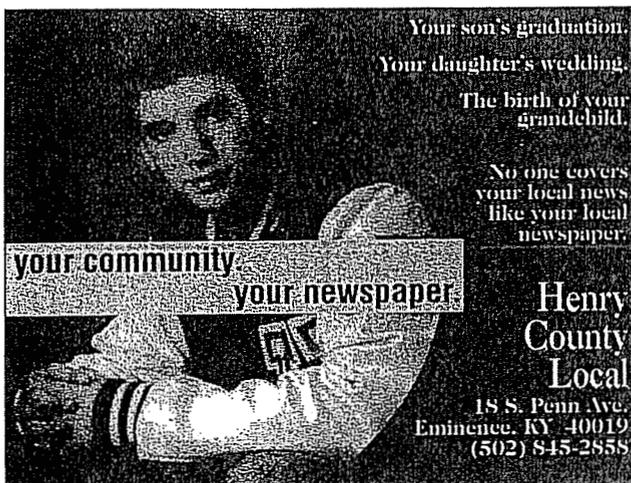
Department for Community Based Services

Family Support – Located at 1427 Campbellsburg Road, New Castle; food stamps, medical assistance (medical card, Medicaid), Kentucky Physicians Care, non-emergency medical transport for those who have Medicaid but have no vehicle, K-TAP (Kentucky Transitional Assistance Program) and K-CHIP (Kentucky Children's Health Insurance Program). Call (502) 845-2110, (502) 845-2543 or (502) 845-7307, 8 a.m. to 4:30 p.m., Monday through Friday.

Division of Protection and Permanency – Located at 137 College Street, New Castle; Child protection services, adult protection services and domestic violence, juvenile services, foster care and adoption services. The office works with families on an ongoing basis regarding abuse, neglect or sexual abuse. Call (502) 845-2922, 8 a.m. to 4:30 p.m., Monday through Friday.

Tri-County Community Action Agency

Henry County Community Center, New Castle: Senior Service Center (outreach, information and referral, health promotion, pot luck luncheons and dinners for singles 55+, congregate meals for persons 60+ and spouses) (502) 845-4464; Community Services (weatherization, emergency services, commodity distribution, food bank, winter care, Teddy Bear Tree) (502) 845-7808; American Red Cross/Wheels (transportation to the Senior Citizen Center and to medical appointments) (502) 845-4464 or (502) 845-6128 for medical transportation, 8:30 a.m. to 4:30 p.m., Monday through Friday.



Your son's graduation.
Your daughter's wedding.
The birth of your grandchild.
No one covers your local news like your local newspaper.

your community
your newspaper

Henry County Local
18 S. Penn Ave.
Eminence, KY 40019
(502) 845-2858



Shelby Energy Cooperative

® Your Touchstone Energy® Partner 



You have the power to make a difference

Fuels used to generate electricity are getting more expensive.

That's driving prices up.

Your electric cooperative is working hard to make a difference.

And you can do your part, too.

Caulk or weather strip windows and doors to make your home more energy-efficient.

A typical home can lose as much as one-third of its heat through leaks.

Contact Shelby Energy or visit
<http://www.shelbyenergy.com> for energy saving ideas and electrical safety tips.

Shelby: CONTENTS

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Church list, church name histories

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Extra copies of This Is Shelby County may be bought for \$2 each at The Sentinel-News

Wedding Photography for the Modern Bride

www.gregbiagi.com 502-633-5378

Most Affordable Pricing and Free Consultation

Greg Biagi
PHOTOGRAPHY



Shelby Energy Cooperative

® Your Touchstone Energy® Partner 



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Contact Shelby Energy or visit
<http://www.shelbyenergy.com> for energy saving ideas and electrical safety tips.

FRANKFORTKY MARKET
WFKY-AM, WKED-FM, WKYW-FM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130

Page ^{Item 37} 32 of 49

FOREVER
COMMUNICATIONS

INVOICE/AFFIDAVIT: 10611

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Shelbyville Road
Shelbyville, KY 40065

Advertiser No.: 109

Shelby Energy Cooperative

Order: 7943

Invoice Date: 09/30/2008

Co-op: No

Payment Due: 10/30/2008

AE: Tonya Stormes

Local Direct

Billing Type: Calendar

Invoice Note: WFKY

IDB #:

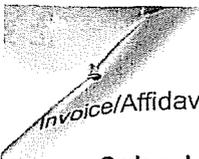
Invoice Summary:

Gross Billing:	\$220.00
Agency Commission:	\$0.00
Net Due:	\$220.00
# of Spots:	22

909
MSE402
10-16-08 JJ

This invoice is in accordance with the official log and the announcements/programs indicated below were aired on the dates and the times shown. Per your advertising agreement, the actual times may have run within 10 minutes of scheduled time.

Please, remember to note your invoice number on your payment. Thank you.



Invoice/Affidavit: 10611

Advertiser: Shelby Energy Cooperative

Item 37
Page 33 of 49

OL	Ordered	Days	By Week	Rate	ISCI#/Spot Title	Date	Time	Len	Rate	MG	
	Market: Frankfort										
	Station: WFKY-FM										
1		WF	6	\$10.00							
	Ordered: Commercial										
Scheduled:	Commercial				Shelby Energy Cooperative Safety First	09/17/2008	07:03 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/17/2008	08:03 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/17/2008	10:52 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/19/2008	09:43 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/19/2008	10:56 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/19/2008	12:37 PM	30	\$10.00		
2		MWFS	13	\$10.00							
	Ordered: Commercial										
Scheduled:	Commercial				Shelby Energy Cooperative Safety First	09/22/2008	06:19 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/22/2008	07:21 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/22/2008	08:19 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/24/2008	09:19 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/24/2008	10:24 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/24/2008	11:22 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/26/2008	01:54 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/26/2008	02:48 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/26/2008	03:36 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/27/2008	03:25 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/27/2008	04:24 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/27/2008	05:30 PM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/27/2008	06:26 PM	30	\$10.00		
3		MWFS	13	\$10.00							
	Ordered: Commercial										
Scheduled:	Commercial				Shelby Energy Cooperative Safety First	09/29/2008	06:03 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/29/2008	07:03 AM	30	\$10.00		
	Commercial				Shelby Energy Cooperative Safety First	09/29/2008	08:20 AM	30	\$10.00		
Totals for Station:		WFKY-FM			No. of spots: 22	Gross Amt:			\$220.00		
Totals for Market:		Frankfort			No. of spots: 22	Gross Amt:			\$220.00		
Totals for Invoice:					No. of spots: 22	Gross Amt:			\$220.00		

Frankfort Market
WKYW-AM, WSTV-FM, WFKY-FM
John Roberts
Remit to: Forever Communications.
15 West Main Street
Frankfort, KY 40601

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Shelbyville Road
Shelbyville, KY 40065

Item 37
Page
34 of 49

Advertiser No.: 109	Shelby Energy Cooperative	Order: 7943	Billing Cycle: 09/2008
Spot Name:	Safety First	Spot Length: 30	Spot ID: 20761

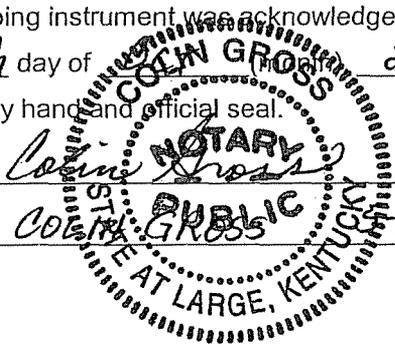
State of Kentucky)
County of Franklin) SS

The foregoing instrument was acknowledged before me by Janet Meyer (name of signer[s]) on this 14th day of October, 2008 (year).

Witness my hand and official seal.

Coleen Gross (signature and seal of Notary).

Coleen Gross 17-11 (print Notary's Name and Date Commission Expires)



Script

Shelby Energy Cooperative
Safety First
:30

Electricity plays an important part in today's farming. Shelby Energy asks you to be careful while harvesting this season. Be sure to lower all equipment before passing near or beneath power lines. Never attempt to raise or move a power line. Also, be careful to avoid guy wires. Damaging guy wires weaken the support for power lines. If you have questions about electric safety, call Shelby Energy or visit www.shelbyenergy.com for more information. **Safety is our #1 concern.**

\$10.00 each for 22 announcements, for a total of: \$220.00

Total \$220.00

STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS.

This announcement was broadcast 22 times, as entered into the station's program log.
The times this announcement was broadcast were billed to this station's client on our invoice number(s): **10611**
Dated 09/30/08 at the stated earned rate above.

FRANKFORT KY MARKET
WFKY-FM, WSTV-FM, WKYW-AM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

FOREVER COMMUNICATIONS

INVOICE: 10740

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

Advertiser No.: 109
Shelby Energy Cooperative
Order: 7943 Invoice Date: 10/31/2008
Co-op: Yes Payment Due: 11/30/2008
AE: Tonya Stormes Kirk

Billing Type: Calendar

Note 1: WFKY

CPE

#909
MSEX02

Invoice Summary:

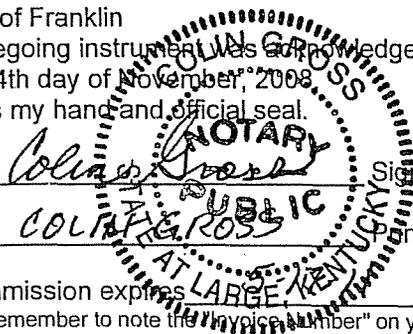
Gross Billing: \$130.00
Agency Commission: \$0.00
Net Due: \$130.00
of Spots: 13

This invoice is in accordance with the official log and the announcements/programs indicated below were aired on the dates and the times shown. Per your advertising agreement, the actual times may have run within 10 minutes of the scheduled time.

State of Kentucky

County of Franklin

The foregoing instrument was acknowledged before me by Janet Meyer (Name of signer[s])
on this 4th day of November, 2008.
Witness my hand and official seal.



Signature and seal of Notary.

Print Name

My commission expires _____
Please, remember to note the "Invoice Number" on your check.
Thank you!

Market: Frankfort Station: WFKY-FM

Order Line	Days	By Week	Revenue Type	Ordered	Bind To				Rate
3	MWFS	13	Local Direct	Commercial	06:01:00-19:00:00				\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRIED</u>	<u>DATE</u>	<u>TIME</u>	<u>LEN</u>	<u>MG</u>	<u>RATE</u>
	Shelby Energy Cooperative Safety First			Commercial	10/01/08	09:26 AM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/01/08	10:23 AM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/01/08	11:25 AM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/03/08	12:02 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/03/08	01:27 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/03/08	02:24 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/04/08	03:22 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/04/08	04:21 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/04/08	05:25 PM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/04/08	06:28 PM	30		\$10.00
4	M	3	Local Direct	Commercial	06:01:00-19:00:00				\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRIED</u>	<u>DATE</u>	<u>TIME</u>	<u>LEN</u>	<u>MG</u>	<u>RATE</u>
	Shelby Energy Cooperative Safety First			Commercial	10/06/08	06:20 AM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/06/08	07:21 AM	30		\$10.00
	Shelby Energy Cooperative Safety First			Commercial	10/06/08	08:20 AM	30		\$10.00
Totals for Station:			WFKY-FM	No. of Spots/Misc: 13/0		Gross Amt:		\$130.00	
Totals for Market:			Frankfort	No. of Spots/Misc: 13/0		Gross Amt:		\$130.00	
Totals for Invoice:				No. of Spots/Misc: 13/0		Gross Amt:		\$130.00	

FORT KY MARKET
FM, WSTV-FM, WKYW-AM
ROBERTS
IT TO: FOREVER COMMUNICATIONS
West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

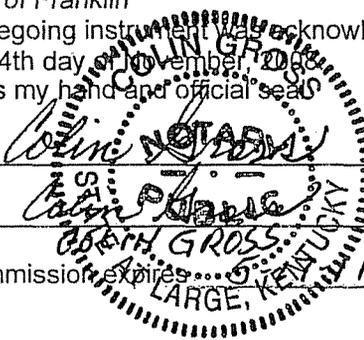
Item 37
Page 37 of 49

Advertiser No.: 109 Shelby Energy Cooperative Order: 7943 Billing Cycle: 10/2008
Spot Name: Shelby Energy Cooperative Safety First Spot Length: 30 Sec Spot ID: 20785

State of Kentucky

County of Franklin

The foregoing instrument was acknowledged before me by Janet Mayer (Name of signer[s])
on this 4th day of November, 2008.
Witness my hand and official seal



Colin Gross Signature and seal of Notary.

Colin Gross Print Name

My commission expires _____

Script

Electricity plays an important part in today's farming. Shelby Energy asks you to be careful while harvesting this season. Be sure to lower all equipment before passing near or beneath power lines. Never attempt to raise or move a power line. Also, be careful to avoid guy wires. Damaging guy wires weaken the support for power lines. If you have questions about electric safety, call Shelby Energy or visit www.shelbyenergy.com for more information. Safety is our #1 concern.

\$10.00 each for 13 announcements, for a total of \$130.00

Total: \$130.00

STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS.

This announcement was broadcast 13 times, as entered into the station's program log.

The times this announcement was broadcast were billed to this station's client on our invoice number(s): 10740 dated 10/31/2008 at the stated earned rate above.

FRANKFORT KY MARKET
 WFKY-FM, WSTV-FM, WKYW-AM
 JOHN ROBERTS
 REMIT TO: FOREVER COMMUNICATIONS
 115 West Main Street
 Frankfort, KY 40601
 Phone: (502) 875-1130 Fax: (502) 875-1225

Item 37
 Page 38 of 49

FOREVER
 COMMUNICATIONS

INVOICE: 10983

Shelby Energy Cooperative
 Attn: Theresa Atha
 620 Old Finchville Road
 Shelbyville, KY 40065

Advertiser No.: 109
 Shelby Energy Cooperative
 Order: 8096 Invoice Date: 11/30/2008
 Co-op: Yes Payment Due: 12/30/2008
 AE: Tonya Stormes Kirk

Billing Type: Calendar

Note 1: WFKY
 Note 2: Holiday / Co-op

CPE

Invoice Summary:

Gross Billing: \$100.00
 Agency Commission: \$0.00
 Net Due: \$100.00
 # of Spots: 10

#109
 MSEX02
 12-4-08 JJ

This invoice is in accordance with the official log and the announcements/programs indicated below were aired on the dates and the times shown. Per your advertising agreement, the actual times may have run within 10 minutes of the scheduled time.

State of Kentucky

County of Franklin

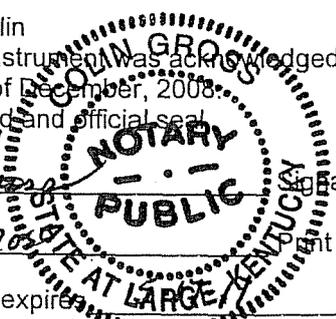
The foregoing instrument was acknowledged before me by Janet Meyer (Name of signer[s])
 on this 1st day of December, 2008.

Witness my hand and official seal

Colin Gross Signature and seal of Notary.

COLIN GROSS Notary Name

My commission expires _____
 Please, remember to note the invoice number on your check.
 Thank you!



FRANKFORT KY MARKET
WKY-FM, WSTV-FM, WKYW-AM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

Item 37
Page 39 of 49

Advertiser No.: 109 Shelby Energy Cooperative Order: 8096 Billing Cycle: 11/2008
Spot Name: Shelby Energy Cooperative Holiday Season Spot Length: 30 Sec Spot ID: 21383

State of Kentucky

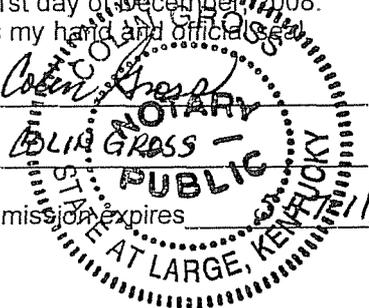
County of Franklin

The foregoing instrument was acknowledged before me by Janet Meyer (Name of signer[s])
on this 1st day of December, 2008.
Witness my hand and official seal.

Colia Gross Signature and seal of Notary.

COLIA GROSS Print Name

My commission expires AT LARGE, KENTUCKY



Script

MAY YOUR HOLIDAY SEASON BE TWICE BLESSED...BY THE LOVE OF FAMILY AND FRIENDS. AND IF YOU ARE PLANNING ON DECORATING FOR THE HOLIDAYS, BE EXTRA CAREFUL WHEN HANDLING LADDERS AND OTHER LONG OBJECTS NEAR POWER LINES. LOOK UP AND MAKE SURE YOU ARE A SAFE DISTANCE FROM OVERHEAD LINES. SHELBY EMERGY COOPERATIVE WISHES EVERYONE A SAFE AND HAPPY HOLIDAY SEASON.

\$10.00 each for 10 announcements, for a total of \$100.00

Total: \$100.00

STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS.

This announcement was broadcast 10 times, as entered into the station's program log.

The times this announcement was broadcast were billed to this station's client on our invoice number(s): 10983 dated 11/30/2008 at the stated earned rate above.

Invoice: 10983

Advertiser: Shelby Energy Cooperative

Page *Item 37*
40 of 49

Market: Frankfort

Station: WFKY-FM

Order Line	Days	By Week	Revenue Type	Ordered	Bind To			Rate	
1	MTWThF	10	Local Direct	Commercial	06:01:00-19:00:00			\$10.00	
	<u>ISCI / SPOT TITLE</u>			<u>AIRIED</u>	<u>DATE</u>	<u>TIME</u>	<u>LEN</u>	<u>MG</u>	<u>RATE</u>
	Shelby Energy Cooperative Holiday Season			Commercial	11/24/08	09:30 AM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/24/08	03:34 PM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/25/08	11:26 AM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/25/08	04:48 PM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/26/08	06:20 PM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/26/08	06:40 PM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/27/08	06:43 AM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/27/08	12:04 PM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/28/08	07:52 AM	30		\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	11/28/08	02:36 PM	30		\$10.00
Totals for Station:		WFKY-FM		No. of Spots/Misc: 10/0		Gross Amt:		\$100.00	
Totals for Market:		Frankfort		No. of Spots/Misc: 10/0		Gross Amt:		\$100.00	
Totals for Invoice:				No. of Spots/Misc: 10/0		Gross Amt:		\$100.00	

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Page 41 of 49

FRANKFORT KY MARKET
WFKY-FM, WSTV-FM, WKYW-AM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

FOREVER
COMMUNICATIONS

INVOICE: 11115

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

Advertiser No.: 109
Shelby Energy Cooperative
Order: 8096 Invoice Date: 12/31/2008
Co-op: Yes Payment Due: 01/30/2009
AE: Tonya Stormes Kirk

Billing Type: Calendar

Note 1: WFKY
Note 2: Holiday / Co-op

CPE

Invoice Summary:

Gross Billing: \$100.00
Agency Commission: \$0.00
Net Due: \$100.00
of Spots: 10

909
MSEK02
1-6-09
JH

This invoice is in accordance with the official log and the announcements/programs indicated below were aired on the dates and the times shown. Per your advertising agreement, the actual times may have run within 10 minutes of the scheduled time.

State of Kentucky

County of Frankfort
The foregoing instrument was acknowledged before me by Janet Meyer (Name of signer[s])
on this 28th day of December, 2008.
Witness my hand and official seal.

Colin Gross Signature and seal of Notary.

Colin Gross
My commission expires 05/1/2011

Please, Remember to reference invoice number on your payment. Thank you!

Invoice: 11115

Advertiser: Shelby Energy Cooperative

Market: Frankfort

Station: WFKY-FM

Item 37
Page 42 of 49

Order Line	Days	By Week	Revenue Type	Ordered	Bind To	Rate
2	MTWThF	10	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Cooperative Holiday Season			Commercial	12/15/08 12:56 PM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/15/08 06:04 PM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/16/08 07:18 AM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/16/08 01:55 PM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/17/08 08:40 AM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/17/08 03:26 PM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/18/08 09:56 AM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/18/08 04:18 PM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/19/08 11:22 AM 30	\$10.00
	Shelby Energy Cooperative Holiday Season			Commercial	12/19/08 05:42 PM 30	\$10.00
Totals for Station:		WFKY-FM		No. of Spots/Misc: 10/0	Gross Amt:	\$100.00
Totals for Market:		Frankfort		No. of Spots/Misc: 10/0	Gross Amt:	\$100.00
Totals for Invoice:				No. of Spots/Misc: 10/0	Gross Amt:	\$100.00

FRANKFORT KY MARKET
WKY-FM, WSTV-FM, WKYW-AM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

*Item 37
Page 43 of 49*

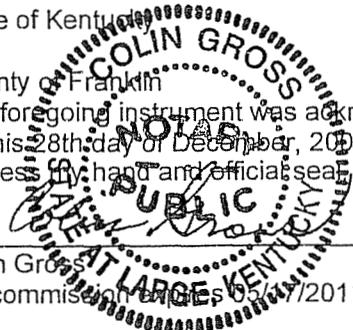
Advertiser No.: 109 Shelby Energy Cooperative Order: 8096 Billing Cycle: 12/2008
Spot Name: Shelby Energy Cooperative Holiday Season Spot Length: 30 SecSpot ID: 21383

State of Kentucky

County of Franklin

The foregoing instrument was acknowledged before me by Janet Meyer (Name of signer[s])
on this 28th day of December, 2008.

Witness my hand and official seal



Signature and seal of Notary.

Colin Gross
My commission expires 7/2011

Script

MAY YOUR HOLIDAY SEASON BE TWICE BLESSED...BY THE LOVE OF FAMILY AND FRIENDS. AND IF YOU ARE PLANNING ON DECORATING FOR THE HOLIDAYS, BE EXTRA CAREFUL WHEN HANDLEING LADDERS AND OTHER LONG OBJECTS NEAR POWER LINES. LOOK UP AND MAKE SURE YOU ARE A SAFE DISTANCE FROM OVERHEAD LINES. SHELBY EMERGY COOPERATIVE WISHES EVERYONE A SAFE AND HAPPY HOLIDAY SEASON.

\$10.00 each for 10 announcements, for a total of \$100.00

Total: \$100.00

STATION DOCUMENTATION STATEMENT APPROVED BY THE CO-OPERATIVE ADVERTISING COMMITTEE OF THE ASSOCIATION OF NATIONAL ADVERTISERS.

This announcement was broadcast 10 times, as entered into the station's program log.

The times this announcement was broadcast were billed to this station's client on our invoice number(s): 11115 dated 12/31/2008 at the stated earned rate above.

FRANKFORT KY MARKET
WFKY-FM, WSTV-FM, WKYW-AM
JOHN ROBERTS
REMIT TO: FOREVER COMMUNICATIONS
115 West Main Street
Frankfort, KY 40601
Phone: (502) 875-1130 Fax: (502) 875-1225

Item 37
Page 44 of 49

FOREVER COMMUNICATIONS

INVOICE: 11742

Shelby Energy Cooperative
Attn: Theresa Atha
620 Old Finchville Road
Shelbyville, KY 40065

Advertiser No.: 109
Shelby Energy Cooperative
Order: 8407
Co-op: No

Invoice Date: 05/31/2009
Payment Due: 06/30/2009
AE: Tonya Stormes Kirk

Billing Type: Calendar

Note 1: WFKY WSTV
Note 2: Spring Break Sale

CPE

Invoice Summary:

of Spots: 20
Gross Spot Billing: \$200.00
Agency Commission: \$0.00
Net Spot Billing: \$200.00

This invoice is in accordance with the official log and the announcements/programs indicated below were aired on the dates and the times shown. Per your advertising agreement, the actual times may have run within 10 minutes of the scheduled time.

JA 6-15-09
909
MSEX02

Please, note your invoice number on your check.

voice: 11742

Advertiser: Shelby Energy Cooperative

Item 37

Page 45 of 49

Market: Frankfort Station: WFKY-FM

Order Line	Days	By Week	Revenue Type	Ordered	Bind To	Rate
1	M	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Safety			Commercial	05/04/09 09:25 AM 30	\$10.00
	Shelby Energy Enviro Watts			Commercial	05/04/09 03:50 PM 30	\$10.00
3	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Safety			Commercial	05/09/09 06:26 AM 30	\$10.00
	Shelby Energy Enviro Watts			Commercial	05/09/09 12:52 PM 30	\$10.00
5	M	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Safety			Commercial	05/11/09 11:36 AM 30	\$10.00
	Shelby Energy Enviro Watts			Commercial	05/11/09 05:03 PM 30	\$10.00
7	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Safety			Commercial	05/16/09 11:51 AM 30	\$10.00
	Shelby Energy Enviro Watts			Commercial	05/16/09 06:26 PM 30	\$10.00
9	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRER</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
	Shelby Energy Safety			Commercial	05/23/09 11:35 AM 30	\$10.00
	Shelby Energy Enviro Watts			Commercial	05/23/09 06:24 PM 30	\$10.00

Totals for Station: WFKY-FM No. of Spots/Misc: 10/0 Gross Amt: \$100.00

*CD messages
from ERPC*

Invoice: 11742

Advertiser: Shelby Energy Cooperative

Item 37

Market: Frankfort

Station: WSTV-FM

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Order Line	Days	By Week	Revenue Type	Ordered	Bind To	Rate
2	M	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRED</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
			Shelby Energy Safety	Commercial	05/04/09 10:54 AM 30	\$10.00
			Shelby Energy Enviro Watts	Commercial	05/04/09 05:22 PM 30	\$10.00
4	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRED</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
			Shelby Energy Safety	Commercial	05/09/09 07:55 AM 30	\$10.00
			Shelby Energy Enviro Watts	Commercial	05/09/09 02:22 PM 30	\$10.00
6	M	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRED</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
			Shelby Energy Safety	Commercial	05/11/09 08:18 AM 30	\$10.00
			Shelby Energy Enviro Watts	Commercial	05/11/09 02:58 PM 30	\$10.00
8	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRED</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
			Shelby Energy Safety	Commercial	05/16/09 06:21 AM 30	\$10.00
			Shelby Energy Enviro Watts	Commercial	05/16/09 12:33 PM 30	\$10.00
10	S	2	Local Direct	Commercial	06:01:00-19:00:00	\$10.00
	<u>ISCI / SPOT TITLE</u>			<u>AIRED</u>	<u>DATE</u> <u>TIME</u> <u>LEN</u> <u>MG</u>	<u>RATE</u>
			Shelby Energy Safety	Commercial	05/23/09 06:49 AM 30	\$10.00
			Shelby Energy Enviro Watts	Commercial	05/23/09 01:21 PM 30	\$10.00
Totals for Station: WSTV-FM			No. of Spots/Misc: 10/0	Gross Amt:	\$100.00	
Totals for Market: Frankfort			No. of Spots/Misc: 20/0	Gross Amt:	\$200.00	
Totals for Invoice:			No. of Spots/Misc: 20/0	Gross Amt:	\$200.00	

LENGTH

Shelby Energy
Theresa Atha
20 Finchville Rd
Shelbyville, Kentucky 40065

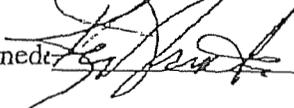
SAFETY MESSAGES

THE FOLLOWING AIRED 05/01/09 TO 05/31/09

On the farm, it seems like there's never enough time; run to town for a new part, hurry to beat the rain or rush to finish before dark..in the middle of the hustle, take a few seconds for safety. Look up, make sure your farm equipment will clear overhead wires in the field and farmyard. Don't take necessary chances, be sure all farm hands are aware of overhead power lines. A safety message from your friends and neighbors at Shelby Energy, your Touchstone Energy Cooperative.

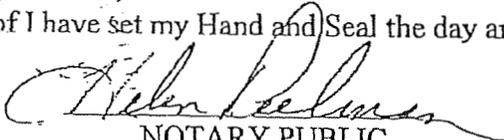
Planning a yard project? Call Kentucky Underground at 1-800-752-6007 two business days before you plan to dig to make sure you won't be disturbing electrical wiring, communication cables or sewer and gas lines. Even if your're not doing a large project, please call Kentucky Underground before you dig. Just planting a tree or installing a fence could put you in danger. This safety message brought to you from your friends and neighbors at Shelby Energy, your Touchstone Energy Cooperative.

certify that the above commercial was ran 05-01-09 TO 05-31-09

Signed: 

Affirmed this 1st day of June, 2009

in testimony whereof I have set my Hand and Seal the day and year aforesaid. My commission expires 11/30/11


NOTARY PUBLIC



THE NEWS DEMOCRAT
PO BOX 60
CARROLLTON KY 41008-0060

BILLING PERIOD		ADVERTISER/CLIENT NAME	
FEBRUARY 2009		SHELBY ENERGY CO-OP <i>Item 37</i>	
NET AMOUNT DUE		TERMS OF PAYMENT	
129.00		PAYMENT DUE BY 3/27 <i>Page 48 of 49</i>	
CURRENT NET AMOUNT DUE	30 DAYS	60 DAYS	90 DAYS
129.00	.00	.00	.00

ADVERTISING INVOICE and STATEMENT

FILED ACCOUNT NAME AND ADDRESS SHELBY ENERGY CO-OP 620 OLD FINCHVILLE RD SHELBYVILLE KY 40065-0000	REMITTANCE ADDRESS THE NEWS DEMOCRAT LANDMARK COMM. NEWSPAPERS PO BOX 1118 SHELBYVILLE, KY 40066-1118
---	---

4 PAGE#	5 BILLING DATE	6 BILLING ACCOUNT NUMBER	7 ADVERTISER/CLIENT NAME	Change of address? Please mark changes above.	AMOUNT PAID \$ _____
1	2/28/2009	7-657638			

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR REMITTANCE

TO AVOID DELAYS IN CREDITING YOUR ACCOUNT, PLEASE RETURN THE
REMITTANCE STUB WITH YOUR PAYMENT IN THE SUPPLIED ENVELOPE
OR PRINT THE ACCOUNT NUMBER FROM THIS BILL ON YOUR CHECK.

10 DATE	11 REF	12 DESCRIPTION COMMENTS	13 SAU/BILLED UNITS	14 RATE	15 GROSS AMOUNT	16 DISCOUNT	17 NET AMOUNT
2/25		PREVIOUS BALANCE			.00		.00
		DISCOVER CC	.00		129.00	.00	129.00
		1/4 PG DISCOVER					
		TOTAL THE NEWS-DEMOCRAT			129.00	.00	129.00
		TOTAL DUE			129.00	.00	129.00

*909
MSEX 58
39-9
ran ad 2nd time*

STATEMENT OF ACCOUNT IF TOTAL PAYMENT IS NOT RECEIVED BY DUE DATE, A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL PERCENTAGE RATE) WILL BE IMPOSED							
18 CURRENT NET AMOUNT	19 30 DAYS	20 60 DAYS	21 90 DAYS	22 GROSS AMOUNT DUE	23 NET AMOUNT DUE	24	25
129.00	.00	.00	.00	129.00	129.00		

FOR BILLING QUESTIONS THE NEWS DEMOCRAT, 122 6TH ST, CARROLLTON, KY 41008
PLEASE CONTACT: 502-732-4261

26 ADVERTISER INFORMATION			
27 BILLING PERIOD	28 FILED ACCOUNT NUMBER	29 ADVERTISER/CLIENT NUMBER	30 ADVERTISER/CLIENT NAME
FEBRUARY 2009	7-657638		SHELBY ENERGY CO-OP
31 YEAR TO DATE DOLLARS	32 CONTRACT EXPIRATION	33 CONTRACT REQUIREMENTS	34 CONTRACT CURRENT MONTH
129.00			

Discover!

Shelby Energy Item 37
49 of 49
February 25, 2009

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Carrollton Federal
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Carrollton, KY 41008
President: Joëy Ginn
(502) 732-4272

**United Citizens
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Carrollton, KY 41008
Branch Manager:
Roy Weeks
(502) 732-6669

U.S. Bank
416 Highland Ave.
Carrollton, KY 41008
Manager: Kathy Wolpert
(502) 732-6601

**Farmers Bank
of Milton**
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Carrollton, KY 41008
President: Neal Bryon

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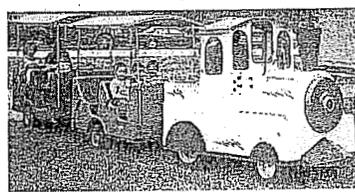


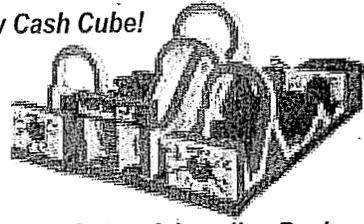
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SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Questions:

Refer to Exhibit 11, Miscellaneous General Expense - Account 930.20, pages 6 through 12.

- a. There are numerous payments listed as "Mileage for personal vehicle" totaling \$11,722.32.
 - (1) Fully explain the nature of these expenditures and why Shelby Energy considers this to be a normal recurring expense.
 - (2) Were all payments listed made to employees? If not, identify payments to non-employees.
 - (3) Provide the mileage rate used during the test year to reimburse mileage for personal vehicles.
 - (4) If Shelby Energy has an established policy governing the use of personal vehicles and reimbursement of mileage, provide a copy of the policy. If it has no such policy, describe how mileage reimbursements are determined.

- b. There are numerous payments listed for various meal expenses (i.e., employee meetings, safety meetings with customers, training sessions, etc.) totaling \$4,293.68.

- (1) Fully explain the nature of these expenditures and why Shelby Energy considers this to be a normal recurring expense.
 - (2) If Shelby Energy has a formal policy governing meals for employees who are attending meetings, provide a copy of the policy. If it has no such policy, describe how meal expense reimbursements are determined.
- c. Refer to the payment listed on page 8 to Eminence Rotary for \$1,000. Describe the nature of this expenditure and explain how it benefits Shelby Energy customers.
- d. There are numerous payments listed involving some form of employee training.
- (1) Provide an itemized schedule of the training expenses included in this account on pages 6 through 12. Indicate those expenses that are directly attributable to the recommendations of the recently concluded management audit.
 - (2) Does Shelby Energy consider this level of training expenses to be a normal recurring expense?

Responses:

38.a.(1)

The only company vehicles Shelby provides is the service and construction vehicles. All other company business is performed using personal vehicles, for which the employee is reimbursed based on the IRS prescribed rates. Employees will continued to perform cooperative functions using personal vehicles.

38.a.(2)

All payments were made to employees.

38.a.(3)

Shelby uses the IRS prescribed rate to reimburse employees for company use of their personal vehicles. The rates are as follows:

Jan - Jun 2008	\$0.505
July - Dec 2008	\$0.585
Jan - Dec 2009	\$0.550

38.a.(4)

A copy of the policy is attached.
Pages 5-6

38.b.(1)

Meals and food are provided for employees so the meetings can start as early in the day as possible, employees do not have to break for lunch then return at various times so the meetings can resume on a timely basis, it also provides an opportunity to discuss the contents of the meetings during meals, and allows employees to get refreshments without leaving the meeting room.

38.c.

The Eminence Rotary Club provided the food and service for the 2009 annual meeting meals.

38.d.(1)

Schedule attached. (Pages 7-13) The majority of expenses attributable to the management audit are included in Exhibit 9 of the Application. There are costs listed in this schedule that are not listed in Exhibit 11 of the Application since costs less than \$100 may not be itemized separately.

38.d.(2)

Shelby expects that training, meetings, and seminars will continue and be a recurring expense.

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky

POLICY NO. 915

EMPLOYEE TRAVEL AND OUT-OF-POCKET EXPENSES

I. OBJECTIVE

To establish a policy governing the approval and payment of travel and out-of-pocket expense incurred by Shelby Energy Cooperative employees while involved in official duties or while in attendance at authorized meetings.

II. CONTENT

- A. Shelby Energy employees who attend meetings or make other trips on Cooperative business which have been approved in advance shall be reimbursed for all prior approved out-of-pocket expenses including actual expenses for registration fees, overnight lodging, banquet, convention or program meal charges, and actual meals consumed while attending such meeting or making such trips. The employee shall submit an itemized expense account with attached receipts for all out-of-pocket expensed claimed by the end of the monthly in which the meeting occurred or not to exceed thirty (30) days after the date of the meeting or trip, with said account to be approved by the department manager, or in the case of a department manager, the President and Chief Executive Officer. The President and Chief Executive Officer's expense summary will be submitted quarterly to the Board of Directors for review.
- B. Shelby Energy will not reimburse the expenses of the employee's spouse when accompanying the employee.
- C. Shelby Energy owned vehicles shall only be used for trips which are primarily official business.
- D. Employees who use personal cars for official business shall be reimbursed for mileage at the Standard IRS Business Rate. Such mileage expenses for out-of-state trips cannot exceed the cost of air coach by the most direct route if plane service is available.
- E. Employees may be issued cash advances to cover expenses incurred in the performance of official duties. Expenses exceeding the temporary advance will be reimbursed upon approval of the employee's expense record. If the advance exceeds actual expenses, the employee will reimburse Shelby Energy the difference upon submission of the expense record.

- F. Upon approval of the President and Chief Executive Officer, credit cards may be issued to employees who need such cards on a regular basis for official business. Vouchers will be submitted for the expenditure incurred.
- G. Under no condition are personal expenses to be charged directly to Shelby Energy Cooperative . Such expenses must be paid directly by the employee.

III. RESPONSIBILITY

The President and Chief Executive Officer is responsible for the administration of this policy.

Adopted: May 27, 1999

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
08/11/08 - 08/14/08	Line Technician	Glems Session 1 Distribution Controls	44761	8/5/2008	\$250.00
08/11/08 - 08/14/08	Line Technician	Glems Session 1 Distribution Controls	44762	8/5/2008	\$250.00
07-22-08 & 07/25/08	Office Manager Customer Service Rep. Customer Service Rep. Customer Service Rep. Customer Service Rep. Customer Service Rep. Customer Service Rep.	Customer Service Trng.	44867	8/19/2008	\$756.00
08/25/08 - 08/29/08	Apprentice Line Technician	Lineman Apprenticeship Operations Lab C	44875 Advance	8/19/2008	\$596.60
07/13/08 - 07/16/08	Supervisor, General Acct.	NRECA Acctg. Conf. meeting fee	44883	8/22/2008	\$1,005.00
06/01/08 - 12/31/08	Apprentice Line Technician Apprentice Line Technician	TVPPA - Alternating Current Fund - Books	44886	8/22/2008	\$190.00
07/29/08 - 08/01/08	Office Manager	SEDC Conference	44927	8/29/2008	\$691.41
08/25/08 - 08/29/08	Apprentice Line Technician	Lineman Apprenticeship Operations Lab C	44928	8/29/2008	\$595.00
07/24/08 - 07/25/08	Safety Coordinator Line Technician Line Technician Line Supervisor Operations Manager Pres. & CEO Exec. & Admin. Asst	Lineman's Training & Safety "Linemans's Rodeo" motel	44928	8/29/2008	\$1,046.66
09/21/08 - 09/24/08	Pres. & CEO	NRECA Regional Mtg. Plane ticket	44928	8/29/08	\$502.50
08/10/08 - 08/14/08	Line Technician Line Technician Safety Coordinator	Glems Session 1 Distribution Controls Glems Session 1 Distribution Controls Glems Session 2 Customer Bill. Complaint	44929	8/29/08	\$1,623.97

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
07/23/08 - 07/26/08	Safety Coordinator Line Technician Line Technician Line Supervisor Operations Manager Pres. & CEO Exec. & Admin Asst.	Lineman's Training & Safety "Linemans's Rodeo"	44929	8/29/08	\$329.41
09/07/08 - 09/12/08	Safety Coordinator	NESC Safety Training Seminar Exp.	44929	8/29/08	\$277.68
02/25/08 - 02/27/08	Operations Manager	Superintendent & Foreman's Conference	44938	9/2/2008	\$225.99
03/26/08 - 03/28/08	Apprentice Line Technician Apprentice Line Technician	2008 Basic Skills Workshop	44938	9/2/2008	\$140.52
8/25/08	Safety Coordinator Line Technician Line Technician	Lineman's Training & Safety "Linemans's Rodeo" Meal - Reimbursement	44997	9/9/2008	\$26.73
07/29/08 - 08/01/08	Office Manager Supervisor, General Acct.	SEDC - Users Training Conference	45006	9/9/2008	\$800.00
	Apprentice Line Technician	Lineman Apprenticeship Operations Lab C See exhibit 17 plus 55.92 additional expense equal this amount	45032	9/12/2008	\$652.52
08/25/08 - 08/29/08	Apprentice Line Technician	TVPPA Lineman Apprenticeship Operations Lab C	45067	9/12/2008	\$141.00
09/07/08 - 09/12/08	Safety Coordinator	NESC Investigating & Litigating Public & Worker Accidents Seminar - Plane ticket & Car Rental Reimbursment	45085	9/23/2008	\$759.96
08/26/08 - 08/29/08	Apprentice Line Technician Customer Service Rep. Supervisor, General Acct. Apprentice Line Technician Customer Service Rep.	KAEC - New Employee Orientation Training	45105	9/26/2008	\$102.50
10/15/08	Safety Coordinator	OSHA Compliance 2008 Comprehensive Update Meeting	451229	9/26/2008	\$490.78

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
09/07/08 - 09/12/08	Safety Coordinator	NESC Investigating & Litigating Hotel & Meals	45143	9/30/2008	\$547.66
09/26/08 - 10/03/08	Safety Coordinator	NRECA Loss Control Internship Program-Seminar 1 of 4 Registration Fee	45211	10/10/2008	\$1,495.00
05/14/08 - 05/16/08	Apprentice Line Technician Apprentice Line Technician Apprentice Line Technician	KAEC 2008 Hot Line Skills Workshop	45226	10/14/2008	\$233.07
8/6/08	Line Supervisor	KAEC - 8 hour Haz Mat Refresher	45244	10/17/2008	\$160.55
09/21/08 - 09/24/08	Pres. & CEO	NRECA Regional Meeting Expense Hotel & Meals	45363	10/31/2008	\$690.18
09/27/08 - 10/02/08	Safety Coordinator	NRECA Loss Control Internship Program-Rental Car Meals, lodging, baggage claim, parking	45370	10/31/2008	\$1,824.54
07/29/08 - 08/01/08	Office Manager	SEDC Training Conference Hotel & Plane Ticket	45405	11/4/2008	\$1,440.50
11/10/08	Safety Coordinator	Fred Pryor Seminar OSHA Compliance 2009	45550	11/25/2008	\$149.00
11/14/08	Safety Coordinator	Prolift - Safety Training Forklift	45603	12/5/2008	\$65.00
10/26/2008 - 10/30/08	Safety Coordinator	NESC Clearances & Grounding for Power & Communication Hotel, Meals, Renta car, airport parking	45620	12/5/2008	\$1,158.25
12/4/08	Exec. & Admin. Asst	ExecuTrain Powerpoint 2003 Level 1 Class	45632	12/9/2008	\$195.00
12/4/08	Office Manager	ExecuTrain Powerpoint 2003 Level 1 Class	45632	12/9/2008	\$195.00
12/01/08 - 12/02/08	Office Manager	KAEC - Attendance at the CH Guernsey Workshop	45939	1/27/2009	\$700.00
1/12/09	Customer Service Rep.	ExecuTrain Powerpoint 2003 Level 1 Class	45954	1/27/2009	\$195.00
1/16/09	All employes	Employee Training Meal (CPR Training)	45957	1/27/2009	\$137.80
12/4/09 - 12/05/09	Safety Coordinator Operations Manager	Safety Coordinator Workshop KAEC	45975	2/3/2009	\$212.96

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
03/14/09 - 3-20-09	Safety Coordinator	American Power Producer Mtg. Airline Ticket - for NRECA Loss Con. Internship for Seminar 2	45990	2/3/2009	\$215.92
2/19/09	All employees	Employee Training Meal (CPR Training)	46122	2/20/2009	\$137.80
1/16/09 & 2/19/09	Vicki Ledford Instructor	CPR Training Instructions Red Cross	46130	2/27/09	\$1,767.00
1/22/09	Customer Service Rep. Customer Service Rep. Customer Service Rep. Customer Service Rep. Customer Service Rep. Office Manager Customer Service Rep.	Meal for Hill Bill Seminar for CSR'S	46153	2/27/09	\$122.67
2/3/09	Supervisor, General Acct.	RUS Training Registration extension on RUS Accounting Course	46271	3/13/2009	\$50.00
05/04/09 - 05-06-09	IT Specialist	CSR Training Seminar Expense	46384	4/1/2009	\$1,128.93
05/03/06 - 05/06/09	Customer Service Rep. Pres. & CEO	Airline Tickets to MN. - CRC Airline Ticket for Legislative Rally			
03/14/09 - 3-20-09	Safety Coordinator	Loss Control Seminar Exp. Meals for NRECA Loss Con. Seminar 2	46385	4/1/2009	\$166.23
3/10/09	Safety Coordinator	OSHA Training Conference Exp. Registration Fee	46640	4/7/2009	\$322.00
03/14/09 - 3-20-09	Safety Coordinator	Loss Control Seminar Fee Fee for Semimar 2	46413	4/7/2009	\$1,495.00
3/27/09	Office Manager	ExecuTrain of KY Powerpoint 2003 Level 2 Class	46426	4/7/2009	\$195.00
04/15/09 - 04/17/09	Office Manager	Employee Training Expenses Hotel room for KAEC HR Conference	46514	4/24/2009	\$208.70
06/01/09 - 06/03/09	Supervisor, General Acct.	Accounting Seminar Fee Meeting Reservation Fee Lake Barkley	46518	4/24/2009	\$75.00
05/04/09 - 05-06-09	Field Supervisor	CSR Training Seminar Expense	46560	4/28/2009	\$2,184.17
10/05/09 - 10/09/09	Customer Service Rep. Apprentice Line Technician Apprentice Line Technician	CRC - Airline tickets Fee for Lineworker Operations Lab c TVPPA			
06/15/09 - 06/18/09	Pres. & CEO	Airline Ticket CFC Conference			

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
03/14/09 - 3-20-09	Safety Coordinator	Loss Control Seminar Fee Hotel, plane tickets, parking and meals	46589	5/1/2009	\$1,505.35
5/11/09	Safety Coordinator	Computer Training Seminar ExecuTrain of Ky Powerpoint Level 1	46673	5/15/2009	\$195.00
5/26/09	Pres. & CEO Consultant	Employee Mtg. Meal Hilltop Employee Meeting	46728	5/26/2009	\$41.34
9/16/09	HR Manager	TVPPA HR Conference Exp. Hotel Deposit	46739	5/29/2009	\$110.39
5/03/09 - 5/05/09	Pres. & CEO	Legislative Conference Exp. Legislative Rally - Washington DC	46742	5/29/2009	\$1,383.54
4/15/09 - 4/16/09 5/14/09 - 5/15/09	Office Manager Customer Service Rep. Office Manager Safety Coordinator IT & System Engineer	TVPPA HR Conference Exp. Hotel Rooms and Meals for AMR meeting	46749	5/29/2009	\$613.10
5/20/09 - 5/22/09	Apprentice Line Technician Apprentice Line Technician Apprentice Line Technician	Underground Workshop Exp. meals	46752	5/29/2009	\$104.98
5/4/09	Customer Service Rep. Customer Service Rep. Customer Service Rep. Safety Coordinator Line Technician Line Technician Apprentice Line Technician Apprentice Line Technician	Computer Training Courses Hazard Recognition & Control Workshop Basic Skills & Knowledge for the Lineman Apprentice - TVPPA	46754	5/29/2009	\$2,007.00
06/22/09 - 6/25/09	Safety Coordinator	Load Control Seminar PCU Training Center Line Clearances and Loading Strengths	46754	5/29/2009	\$1,435.00
06/01/09 - 06/03/09	Supervisor, General Acct.	KAEC Acctg. Conference Exp. Meeting Lake Barkley, mileage, meals hotel	46800	6/5/2009	\$657.07
4/15/09 - 4/17/09	Office Manager	HR Seminar Fee KAEC HR Association Conference Fee	46806	6/9/2009	\$135.00
6/5/09	Customer Service Rep. Customer Service Rep.	Computer Training Expense Excel Class Executrain meal	46809	6/9/2009	\$43.70

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
5/04/09 - 5/06/09	Field Supervisor IT Specialist Customer Service Rep. Customer Service Rep.	CRC Training Seminar Hotel, meals, baggage & parking	46832	6/9/2009	\$1,413.35
6/5/09	Customer Service Rep.	Computer Training Course ExecuTrain	46846	6/12/2009	\$195.00
6/5/09	Customer Service Rep.	Computer Training Course ExecuTrain	46846	6/12/2009	\$195.00
6/5/09		Computer Training Course ExecuTrain	46846	6/12/2009	\$195.00
6/10/09	Office Manager Customer Service Rep.	RUS Training Registration Extension on class	46862	6/12/2009	\$100.00
6/15/09	Exec. & Admin. Asst.	RUS Training Registration Extension on class	46901	6/16/2009	\$50.00
5/22/09	Safety Coordinator Line Technician Line Technician	Meal at KAEC Training Meal	46967	6/30/2009	\$35.07
04/01/09 - 04/03/09	Field Supervisor Operations Manager	Superintendent Conference Fee	46990	7/2/2009	\$308.00
6/6/09 - 06/12/09	Safety Coordinator	Cert. Loss Control Program Exp. baggage, airport parking, hotel, meals,	47008	7/2/2009	\$1,580.85
6/21/09 - 6/26/09		PCU Training Line Clearances and Loadings & Strengths-deposit room			
6/21/09 - 6/26/09	Safety Coordinator	Cert. Loss Control Program Mileage Driving personal vehicle-mileage	47027	7/7/2009	\$353.05
07/10/09 - 07/15/09	Supervisor, General Acct.	NRECA Acctg Conference Expenses Hotel, meals, baggage	47128	7/17/2009	\$1,235.52
04/15/09 - 04/17/09	Apprentice Line Technician Apprentice Line Technician	Material Basic Skills Conf. Registration - KAEC	47140	7/21/2009	\$330.00
05/20/09 - 05/22/09	Apprentice Line Technician Apprentice Line Technician Apprentice Line Technician	Underground Conference Registration - KAEC	47140	7/21/2009	\$450.75
9/30/09 - 10/01/09	Pres. & CEO Exec. & Admin. Asst. Operations Manager Field Supervisor	Region 2 & 3 Mtg. Registration NRECA Regional Meeting Fee	47143	7/21/2009	\$1,125.00
9/20/09 - 9/23/09	Exec. & Admin. Asst.	Exec. Asst. Conference Registration Registration Fee	47143	7/21/2009	\$775.00
6/6/09 - 06/12/09	Safety Coordinator	Loss Control Seminar Registration NRECA	47161	7/24/2009	\$1,495.00

Shelby Energy Cooperative

Case No. 2009-00410

Second Data Request of Commission Staff

Training Date	Employee Title	Training Description	Check Number	Paid Date	Amount
7/21/09		OSHA Training Meal Day 1 Lunch for 16 OSHA Training	47175	7/24/2009	\$234.26
7/22/09		OSHA Training Meal Day 2 Lunch for 16 OSHA Training	47175	7/24/2009	\$274.49
7/24/09	Customer Service Rep.	Computer Training Courses PowerPoint Class	47211	7/31/2009	\$99.00
7/30/09	Safety Coordinator Apprentice Line Technician Apprentice Line Technician Apprentice Line Technician Customer Service Rep. Customer Service Rep. Operations Manager Line Technician	Lineman Training Course Linemans Safety Rodeo Registration Fees & Meal Tickets	47216	7/31/2009	\$405.00
6/14/09 - 6/18/09	Pres. & CEO	CFC Financial Forum Expense Airport parking, baggage, Hotel & eats	47255	8/4/2009	\$985.02
07/10/09 - 07/15/09	Supervisor, General Acct.	NRECA Acctg Conference Expenses Plane Ticket & Registration Fee	47269	8/4/2009	\$4,234.11
09/23/09 - 09/25/09 09/20/09 - 09/23/09	Field Supervisor Exec. & Admin. Asst.	Hotel Dale Hollow State Resort -Power Engineers Assoc. of Ky Mtg. Plane Ticket -Exec. Asst. Conference			
6/6/09 - 06/12/09	Safety Coordinator	Loss Control Seminar Expense PCU Training Line Clearances and Loadings & Strengths-hotel, meals	47271	8/4/2009	\$1,306.25
09/16/09 -09/18/09	HR Manager	Human Resource Mgt. Conf. Reg. TVPPA	47312	8/11/2009	\$379.00

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Schedule P of the application. Provide the same data for the 2009 annual meeting that is listed for the prior years' meetings. Also provide an itemized schedule of the total cost of the 2009 annual meeting, indicating those costs removed for rate-making purposes.

Response:

Shelby regrets that it did not put the correct dates on the initial response. The years as indicated on Exhibit P, should have been 2009 and earlier. There were some additional costs that came in after the test year to increase the amount for 2009. In addition, the 2009 annual meeting was held June 25, 2009.

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>	<u>Cost</u>
2009	254	1,375	15,842
2008	226	1,685	21,420
2007	249	1,259	23,433
2006	283	1,705	18,950
2005	281	1,776	21,342

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

According to The Kentucky Public Service Commission Report on the September 2008 Wind Storm and the January 2009 Ice Storm, Shelby Energy incurred estimated restoration costs of \$972,469, with an expected reimbursement of \$846,166 by the Federal Emergency Management Agency ("FEMA"), for the January 2009 ice storm. Provide an updated detailed schedule of costs incurred as a result of the ice storm by account and month for the test year. Any actual FEMA reimbursement received should also be reflected on the schedule.

Response:

The response is attached. Shelby has recorded a receivable from FEMA in the amount of \$538,763.50 as of July 31, 2009.

Shelby Energy Cooperative
Case No. 2009-00410
Second Data Request of Commission Staff

Item No. 40
Page 2 of 2

The following is a breakdown of the the costs incurred as a result of the January 2009 Ice Storm. We have also included the FEMA reimbursements as of the date of this response.

<u>COSTS INCURRED</u>	<u>AMOUNT</u>	<u>MONTH</u>	<u>ACCOUNT</u>	<u>FEMA REIMBURSEMENT</u>	<u>DATE PAID</u>
Shelby Energy Vehicles	\$ 30,268.13	January, 2009	593.00	\$ 43,963.21	07/28/09
Shelby Energy Force Account Labor	\$ 55,939.26	January, 2009	593.00	\$ 415,069.23	07/28/09
Shelby Energy Material	\$ 17,275.18	January, 2009	593.00	\$ 79,731.06	07/28/09
Meals for Crews and Staff	\$ 5,498.59	January, 2009	593.00		
Lodging for Contractor Crews	\$ 5,152.93	January, 2009	593.00		
Increased cell phone & response center charges	\$ 2,517.67	January, 2009	593.00		
Contractor and Mutual Aid Expenses	\$ 212,748.01	January, 2009	593.00		
Direct Administrative Fee	\$ 586.60	January, 2009	593.00		
Shelby Energy Vehicles	\$ 53,810.00	February, 2009	593.00		
Shelby Energy Force Account Labor	\$ 99,447.57	February, 2009	593.00		
Shelby Energy Material	\$ 86,572.56	February, 2009	593.00		
Meals for Crews and Staff	\$ 9,775.28	February, 2009	593.00		
Laundry for Contractor Crews	\$ 115.00	February, 2009	593.00		
Lodging for Contractor Crews	\$ 9,160.77	February, 2009	593.00		
Increased cell phone & response center charges	\$ 4,475.86	February, 2009	593.00		
Contractor and Mutual Aid Expenses	\$ 378,218.70	February, 2009	593.00		
Direct Administrative Fee	\$ 1,042.84	February, 2009	593.00		
Total	\$ 972,604.95			\$ 538,763.50	

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

According to The Kentucky Public Service Commission Report on the September 2008 Wind Storm and the January 2009 Ice Storm, Shelby Energy incurred estimated restoration costs of \$279,686 as a result of Hurricane Ike. Provide an updated detailed schedule of costs incurred as a result of Hurricane Ike by account and month for the test year.

Response:

The response is attached. Shelby has recorded a receivable from FEMA in the amount of \$34,755.56 as of July 31, 2009.

Shelby Energy Cooperative
Case No. 2009-00410
Second Data Request of Commission Staff

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We have not been able to locate in the PSC Report the amount of \$279,686.00 referenced as the estimated restoration costs for the wind storm. The following is a breakdown of the the costs incurred as a result of the September 2008 Wind Storm. We have also included the FEMA reimbursements as of the date of this response.

<u>COSTS INCURRED</u>	<u>AMOUNT</u>	<u>MONTH</u>	<u>ACCOUNT</u>	<u>FEMA REIMBURSEMENT</u>	<u>DATE PAID</u>
Lodging for contract & mutual aid crews	\$ 1,653.70	September	593.00	\$ 34,755.56	4/23/2009
Duty crew meals	\$ 1,884.32	September	593.00	\$ 106,419.86	8/26/2009
Fuel and Misc. costs	\$ 504.37	September	593.00		
Davis H. Elliott	\$ 34,899.42	September	593.00		
Jackson Energy Coop.	\$ 15,632.09	September	593.00		
Fleming-Mason energy	\$ 13,883.38	September	593.00		
A & G Tree Service	\$ 10,433.45	September	593.00		
Materials	\$ 12,351.94	September	593.00		
Shelby Energy Vehicles	\$ 32,673.91	September	593.00		
Shelby Energy Force Account Labor	\$ 51,366.63	September	593.00		
Direct Administrative Costs	\$ 578.68	September	593.00		

TOTALS

\$ 175,861.89

\$ 141,175.42

SHELBY ENERGY COOPERATIVE
CASE NO. 2009-00410

RESPONSE TO COMMISSIONS STAFF'S SECOND DATA REQUEST

Question:

Refer to Shelby Energy's response to Commission Staff's First Data Request, Item 48. Shelby Energy's response is that the subsidiary income included in the test year is \$50,212. On Exhibit V, income from equity investments is shown as \$50,722. Explain the discrepancy of \$510 in the amounts.

Response:

The \$510 is for income received from Envision Energy Services, LLC, of which Shelby is a one-tenth owner. Envision performs energy efficiency studies for industrial customers served by Shelby.