

**Shelby Energy Cooperative**  
**Case No. 2016-00464**  
**Retirement and Security**

Shelby Energy provides pension benefits for substantially all employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R & S) Program. It is the policy of Shelby Energy to fund pension costs accrued. R & S contributions are based on base salary at a rate determined by NRECA.

The adjustment is to normalize the R & S contributions using the rate for 2016 and normalized base wages for full-time salary and hourly employees. Quasi retired employees are those that have more than 30 years in the Plan and are no longer eligible to participate. The employees can remain with Shelby and participate in all other benefits. The contribution rate for 2016 and 2015 are as follows:

		<u>Contribution Rate</u>
	2016	22.24%
	2015	22.24%
Proposed R & S contributions	261,936	
Proposed 401(k) contributions	106,611	368,547
Test year R & S contributions	265,969	
Test year 401(k) contributions	111,800	377,769
Proposed adjustment		(9,222)

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	32.71%	(3,017)
163 - 416 Clearing and others	8.04%	(741)
580 Operations	13.29%	(1,226)
590 Maintenance	19.17%	(1,768)
901 Consumer accounts	8.04%	(742)
908 Customer service	9.96%	(919)
912 Sales	0.31%	(29)
920 Administrative and general	8.47%	(781)
	100.00%	(\$9,222)