

# Capital-Related Revenue Requirement Components

(\$000s)

Base	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1 Non-Federal Debt Service	596,085	560,242	566,973	565,240	543,016	335,698	339,081	345,217	356,234	360,410	286,633	45,223	49,040	53,764	58,498	63,927	69,536
2 Depreciation/Amortization	228,134	232,845	233,593	250,564	268,381	286,372	306,845	325,546	343,753	355,808	365,640	374,130	381,577	388,282	392,869	395,849	398,475
3 Federal Net Interest	241,689	261,818	289,298	315,416	344,277	369,516	394,758	418,359	436,839	453,377	474,190	491,877	503,720	516,920	528,260	538,851	546,962
4 MRNR	0	0	0	0	0	0	0	0	0	0	0	35,429	35,798	32,681	36,528	43,919	92,837
5 Total Revenue Requirement	1,065,909	1,054,905	1,089,864	1,131,220	1,155,674	991,586	1,040,684	1,089,122	1,136,827	1,169,595	1,126,464	946,659	970,134	991,647	1,016,154	1,042,545	1,107,810

The base case does not recognize any limitations on borrowing authority in order to fully fund each year's capital spending. Annual cash flows accumulate as reserves, earning interest income to offset interest expense.

6 Cash flow generated	81,727	62,421	112,841	153,350	170,168	11,599	46,850	81,211	108,538	131,786	171,379	(35,429)	(35,798)	(32,681)	(36,528)	(43,919)	(92,837)
7 Federal principal scheduled	48,044	72,500	14,002	0	24,968	171,538	189,646	186,198	174,876	165,134	133,104	349,980	350,539	368,836	372,201	389,765	443,228

## AAC for Revenue Financing

8 Non-Federal Debt Service	596,085	560,242	566,973	565,240	543,016	335,698	339,081	345,217	356,234	360,410	286,633	45,223	49,040	53,764	58,498	63,927	69,536
9 Depreciation/Amortization	228,134	232,845	233,593	250,564	268,381	286,372	306,845	325,546	343,753	355,808	365,640	374,130	381,577	388,282	392,869	395,849	398,475
10 Federal Net Interest	242,594	259,373	284,832	307,801	332,819	355,818	380,389	402,498	418,805	432,561	449,786	465,338	477,139	490,296	501,609	512,240	520,405
11 MRNR	0	0	0	0	0	0	0	0	0	0	0	37,074	37,561	34,571	35,062	41,778	90,383
12 Total Revenue Requirement	1,066,813	1,052,460	1,085,398	1,123,605	1,144,216	977,888	1,026,315	1,073,261	1,118,792	1,148,779	1,102,059	921,766	945,317	966,913	988,037	1,013,794	1,078,799
13 Change from base	904	(2,445)	(4,466)	(7,615)	(11,458)	(13,698)	(14,369)	(15,860)	(18,034)	(20,816)	(24,405)	(24,894)	(24,817)	(24,734)	(28,117)	(28,751)	(29,011)

Like the base case, this scenario does not recognize borrowing authority limitations. However, annual cash flows are used fully to fund capital expenditures rather than Treasury borrowing, providing greater interest expense reductions.

14 Cash flow generated	0	0	0	0	0	0	0	0	0	0	0	(37,074)	(37,561)	(34,571)	(35,062)	(41,778)	(90,383)
15 Federal principal scheduled	45,364	72,500	14,000	0	24,968	171,149	189,646	183,472	171,230	165,134	133,053	351,625	352,302	370,726	370,734	387,625	440,774

## Prepayments

16 Non-Federal Debt Service	596,085	560,242	566,973	565,240	543,016	335,698	339,081	345,217	356,234	360,410	286,633	45,223	49,040	53,764	58,498	63,927	69,536
17 Depreciation/Amortization	228,134	232,845	233,593	250,564	268,381	286,372	306,845	325,546	343,753	355,808	365,640	374,130	381,577	388,282	392,869	395,849	398,475
18 Federal Net Interest	216,673	218,312	228,639	238,902	260,971	287,269	313,829	340,317	363,074	385,030	412,680	434,880	447,354	460,955	472,463	481,933	489,057
19 MRNR	25,023	43,503	60,602	72,919	73,177	69,086	67,765	64,880	60,599	55,190	48,349	78,556	77,987	74,450	78,365	35,797	87,728
20 Total Revenue Requirement	1,065,915	1,054,902	1,089,807	1,127,625	1,145,545	978,425	1,027,520	1,075,960	1,123,660	1,156,438	1,113,303	932,790	955,957	977,451	1,002,194	977,506	1,044,796
21 Change from base	6	(3)	(57)	(3,595)	(10,128)	(13,161)	(13,164)	(13,162)	(13,166)	(13,157)	(13,161)	(13,870)	(14,177)	(14,196)	(13,960)	(65,040)	(63,014)

Also like the base case, this scenario does not recognize any limitations on borrowing authority. Prepayment credits are primarily shaped to offset annual cash flows. The use of \$1.7b of cash rather than Treasury borrowing provides significant interest expense reductions over the period as well as repayment reductions after 2024.

22 Cash flow generated	(25,023)	(43,503)	(60,602)	(72,919)	(73,177)	(69,086)	(67,765)	(64,880)	(60,599)	(55,190)	(48,349)	(78,556)	(77,987)	(74,450)	(78,365)	(35,797)	(87,728)
23 Federal principal scheduled	38,204	72,500	14,002	1	24,968	171,539	189,647	186,195	174,874	165,134	133,093	327,135	332,366	355,936	362,554	381,644	438,119

## Prepayments & Conservation

24 Non-Federal Debt Service	603,618	573,843	588,326	595,633	582,774	384,831	397,603	413,118	433,522	447,401	382,672	149,258	162,579	165,137	171,729	177,586	183,244
25 Depreciation/Amortization	222,101	222,026	216,749	226,869	237,643	248,583	262,004	273,654	284,794	289,765	292,513	295,896	300,314	304,713	308,256	310,996	313,584
26 Federal Net Interest	212,782	211,025	217,003	222,267	239,195	260,252	281,525	302,773	320,140	336,788	359,268	378,383	390,241	403,681	415,054	424,385	431,370
27 MRNR	33,139	54,324	77,444	96,614	103,915	110,228	112,605	120,119	122,928	121,233	121,488	83,298	76,125	76,811	80,786	37,994	89,305
28 Total Revenue Requirement	1,071,640	1,061,217	1,099,521	1,141,383	1,163,528	1,003,895	1,053,736	1,109,664	1,161,384	1,195,187	1,155,941	906,835	929,259	950,343	975,824	950,961	1,017,502
29 Cash flow generated	(33,139)	(54,324)	(77,444)	(96,614)	(103,915)	(110,228)	(112,605)	(120,119)	(122,928)	(121,233)	(121,488)	(83,298)	(76,125)	(76,811)	(80,786)	(37,994)	(89,305)

Building on the prepayment scenario, 50% of conservation capital each year has been funded by non-federal sources. The accumulation of non-federal debt service reduces Federal repayment over time

30 Change from base	5,731	6,312	9,657	10,163	7,854	12,309	13,053	20,542	24,558	25,592	29,477	(39,825)	(40,875)	(41,304)	(40,330)	(91,585)	(90,308)
31 Federal principal scheduled	40,288	72,501	14,000	1	24,968	174,892	189,646	189,542	178,243	165,134	133,105	253,643	249,241	274,728	280,363	298,988	354,805

## Revenue Financing

32 Non-Federal Debt Service	596,085	560,242	566,973	565,240	543,016	335,698	339,081	345,217	356,234	360,410	286,633	45,223	49,040	53,764	58,498	63,927	69,536
33 Depreciation/Amortization	228,134	232,845	233,593	250,564	268,381	286,372	306,845	325,546	343,753	355,808	365,640	374,130	381,577	388,282	392,869	395,849	398,475
34 Federal Net Interest	241,689	261,818	284,425	306,615	315,009	320,557	328,729	336,115	336,196	337,952	347,003	347,930	341,554	339,221	336,442	334,649	328,980
35 MRNR	0	0	0	287,701	244,232	294,843	197,146	248,335	263,097	114,717	136,087	348,298	267,172	257,760	222,817	214,919	279,587
36 Total Revenue Requirement	1,065,909	1,054,905	1,084,991	1,410,119	1,370,637	1,237,470	1,171,801	1,255,213	1,299,280	1,168,887	1,135,363	1,115,582	1,039,344	1,039,027	1,010,625	1,009,344	1,076,578
37 Change from base	0	0	(4,873)	278,899	214,963	245,884	131,117	166,092	162,454	(707)	8,900	168,922	69,209	47,380	(5,529)	(33,202)	(31,232)

This scenario responds to the limitations on borrowing authority in order to fully fund each year's capital spending. Beginning in FY 2017 new borrowing each year is limited to the amount of bond repayment in that year.

Remaining capital funding in the year comes from annual cash flows when available, otherwise revenue financing is used, which is reflected in MRNR. By 2028 revenue requirement is less than base case from reductions in interest and repayment.

38 Cash flow generated	81,727	62,421	114,740	(287,701)	(244,232)	(294,843)	(197,146)	(248,335)	(263,097)	(114,717)	(136,087)	(348,298)	(267,172)	(257,760)	(222,817)	(214,919)	(279,587)
39 Federal principal scheduled	48,044	72,500	14,000	0	24,968	161,272	189,646	152,750	138,517	140,000	133,046	336,589	341,033	361,602	364,136	368,896	420,067