



# 2016-2025 BEPC Financial Forecast

PRECorp Meeting  
12/2/15

# Agenda

- Common Assumptions
- Cost of Electric Service
- Revenue
- Member Rates and Cost Reductions
- Other Information
  - Liquidity, Debt, and Financial Metrics

# Common Assumptions

	<u>Assumed:</u>
General Inflation Rate	2.5%
Margin Requirement	3% - 2016
Revenue Deferral	Held on Balance Sheet
RUS Buyout	Completed July 2015
Depreciable Lives	60 yrs Coal (LOS 64) 50 yrs Gas
Capital Credit Retirement	None
Dividends from Subs	None

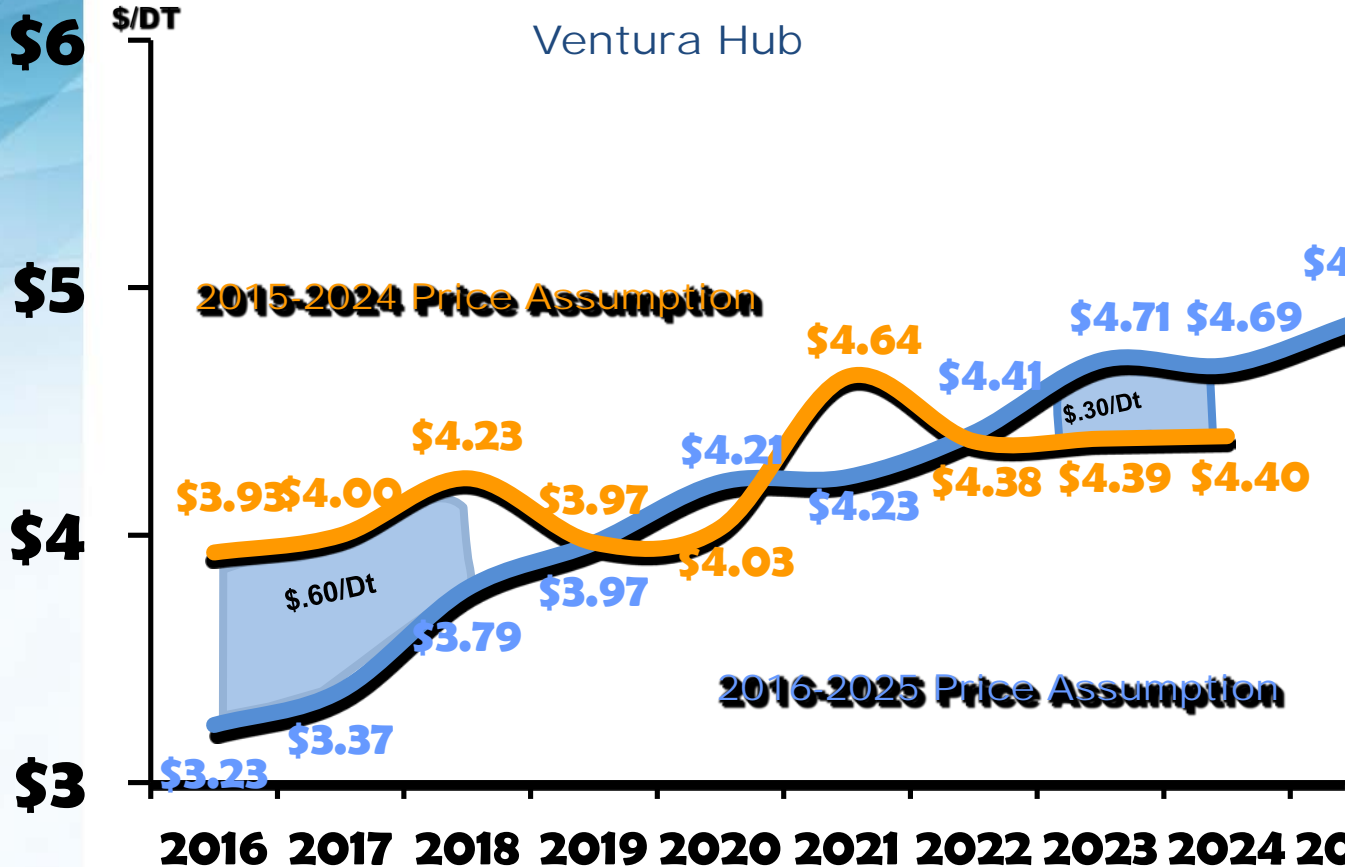
# Common Assumptions - Commodity Prices

	<u>2016 - 2017</u>	<u>2018 - 2025</u>
Ventura Natural Gas	2/20/15 Market	IHS - Feb
WTI Oil	4/1/15 Market	IHS - April
Urea	6/15/15 DGC Market	6/15/15 DGC Market
Bakken Diesel Fuel	4/1/15 DCC Market	IHS - April

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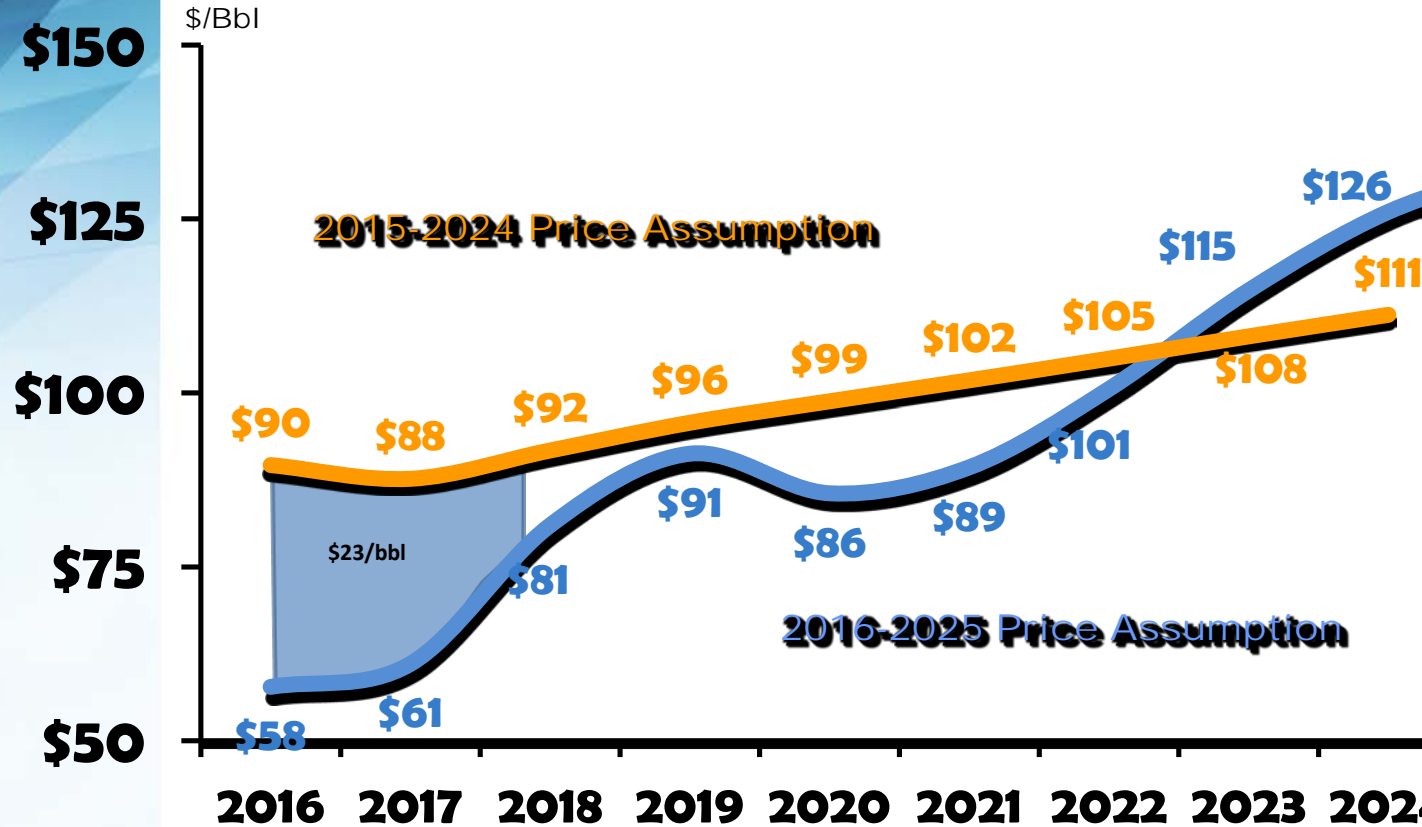
# Natural Gas Price Assumption

Ventura Hub



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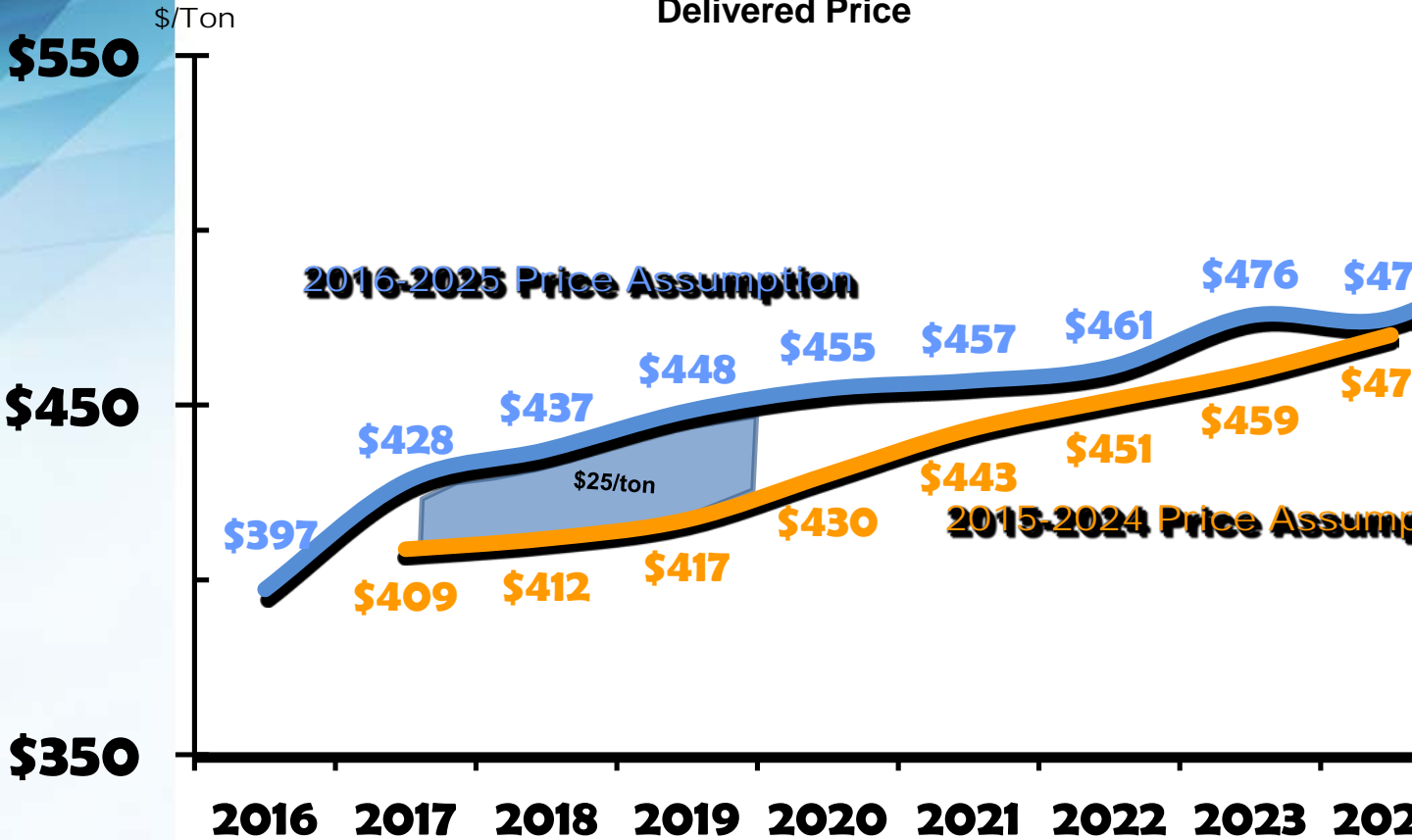
# WTI Oil Price Assumption



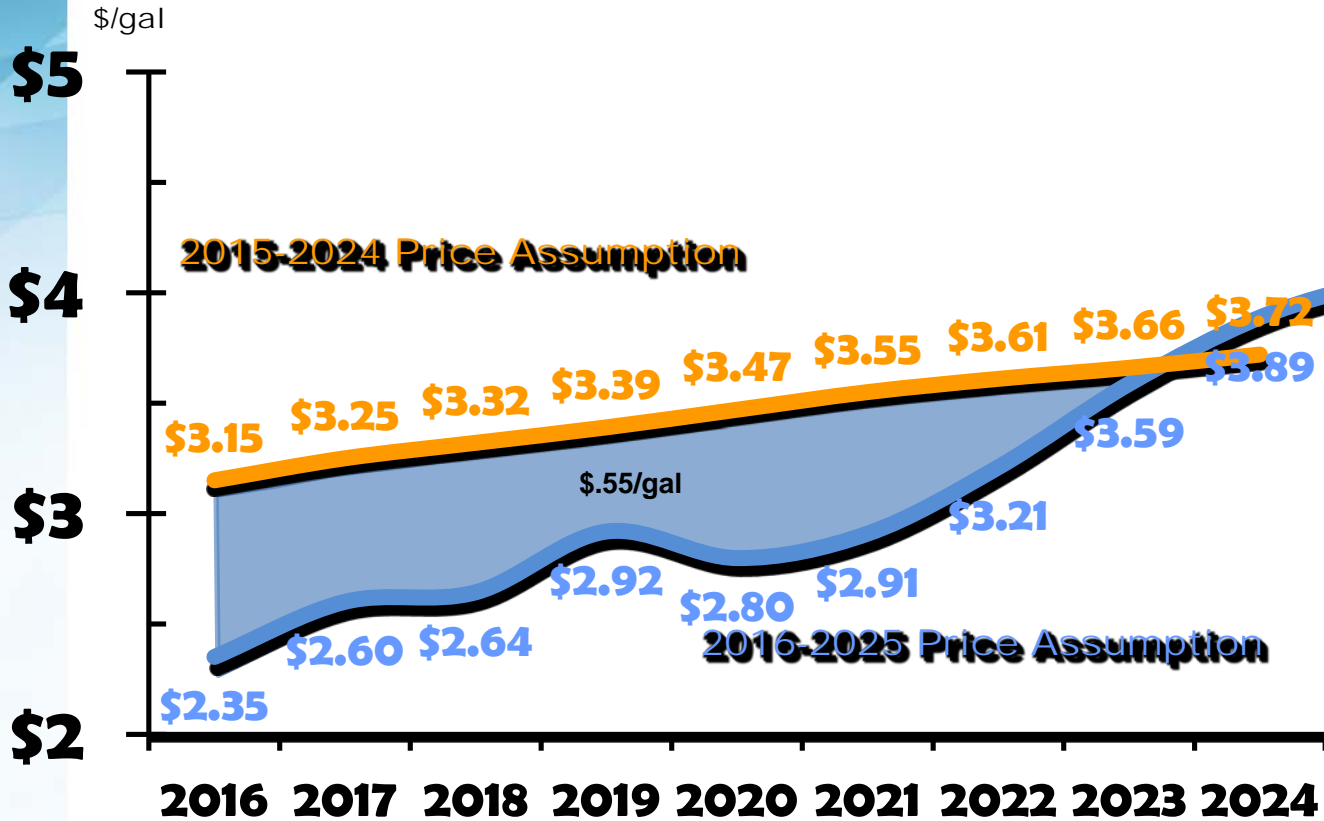
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# Urea Price Assumption

Delivered Price



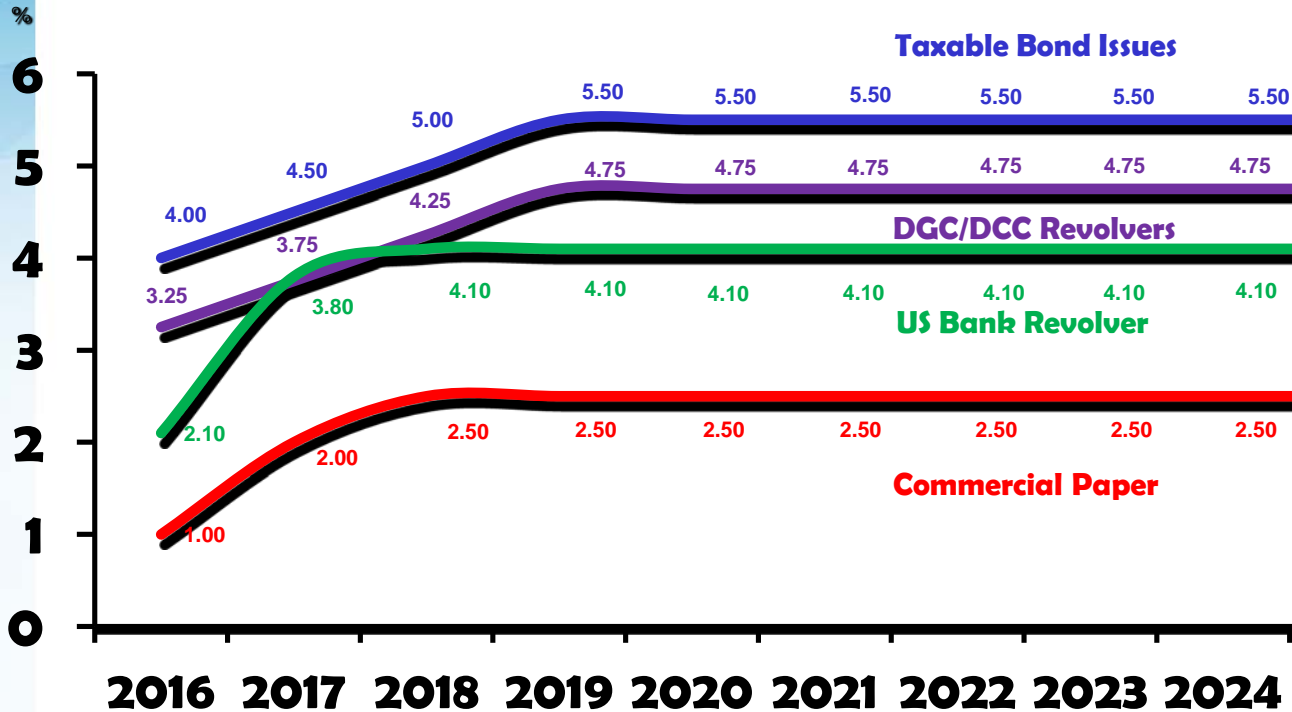
# #2 Diesel Price Assumption



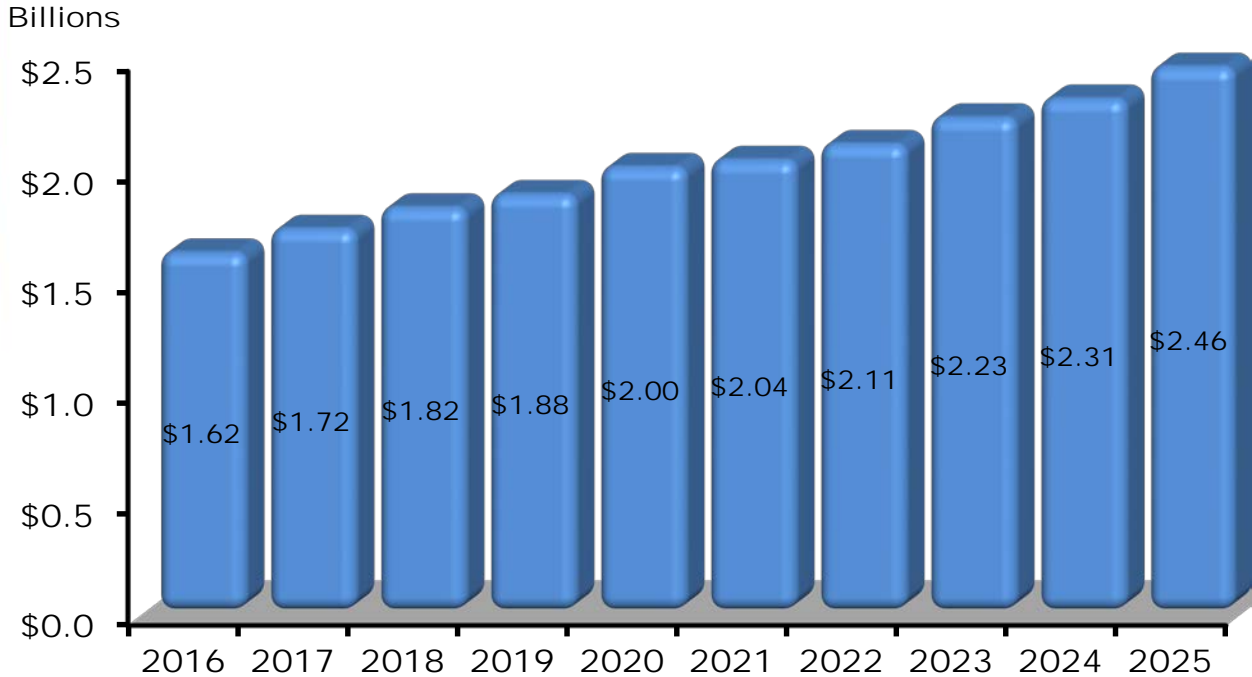


## 2016-2025 BEPC Financial Forecast

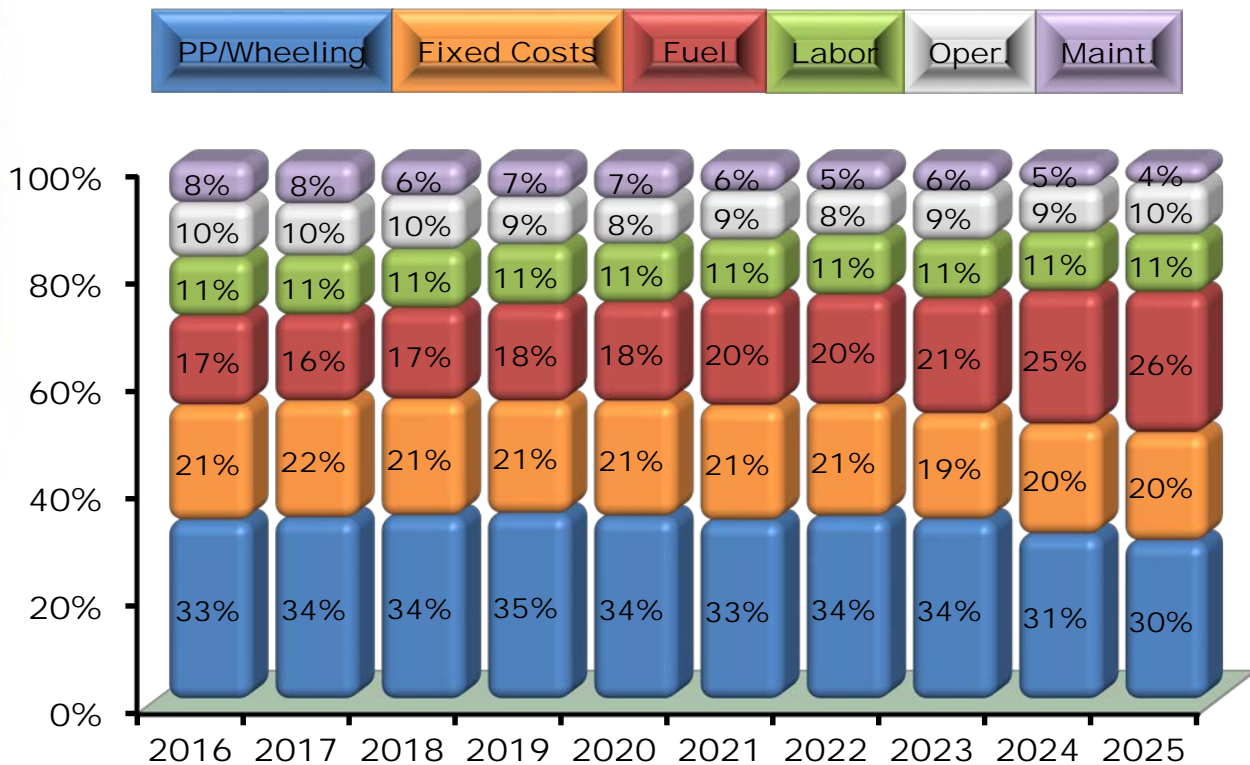
# Interest Rates



# Cost of Electric Service

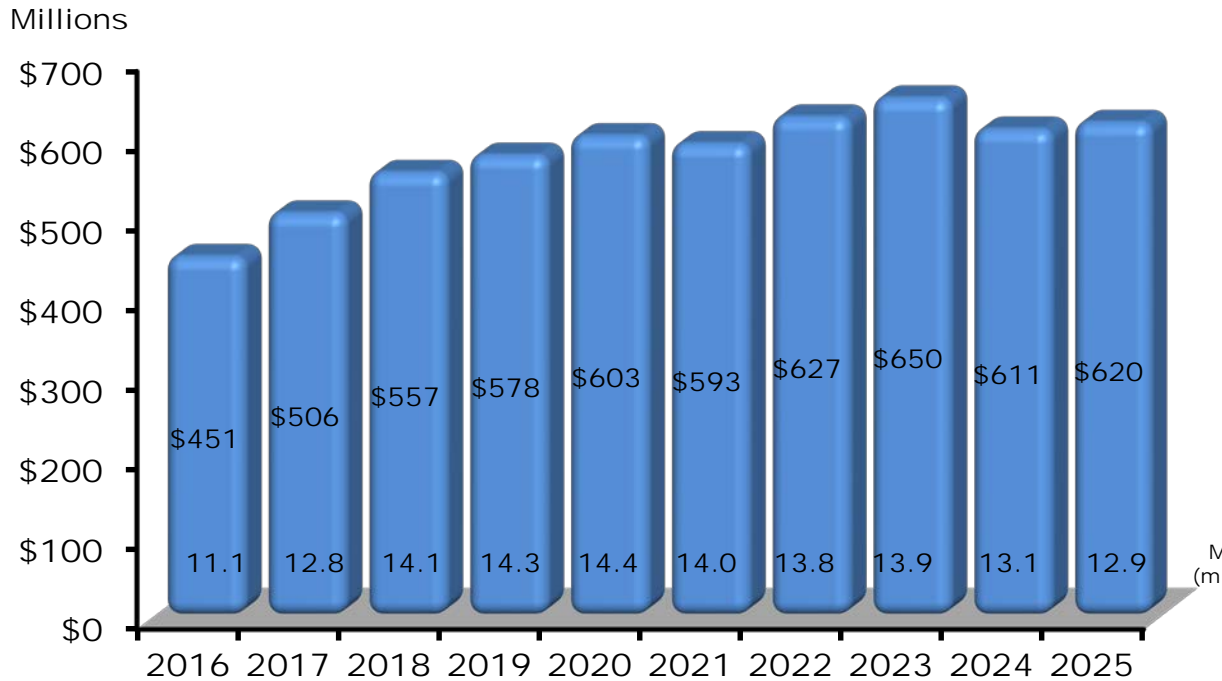


# Cost of Electric Service

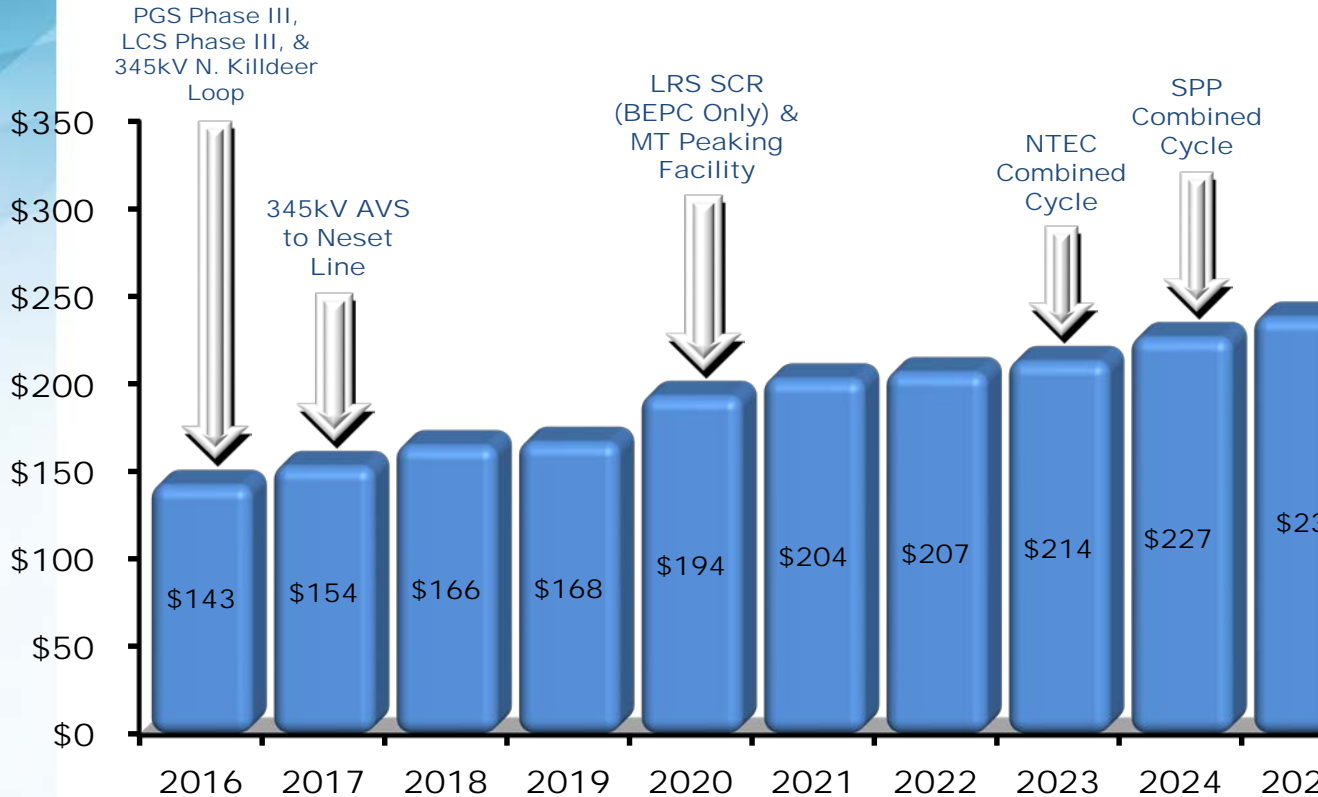


# 2016-2025 BEPC Financial Forecast

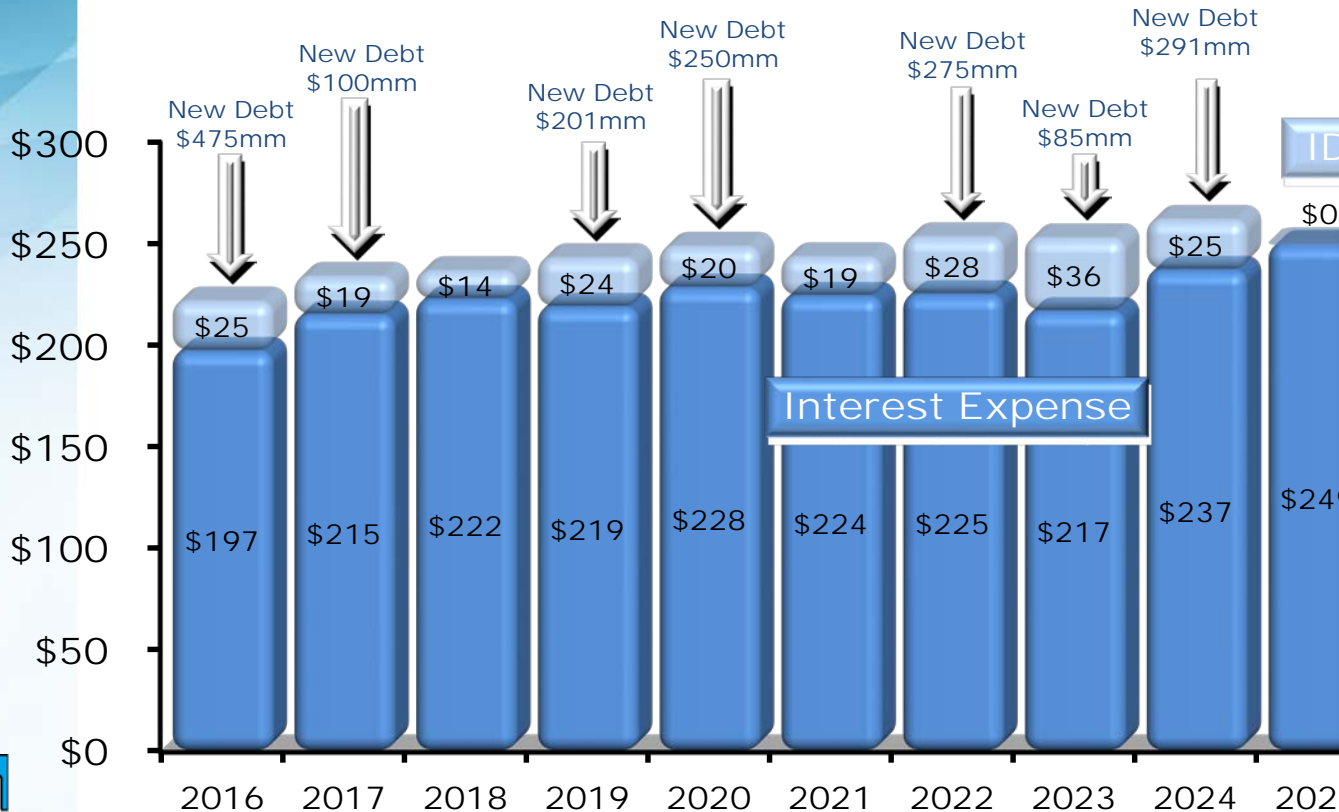
## Purchased Power



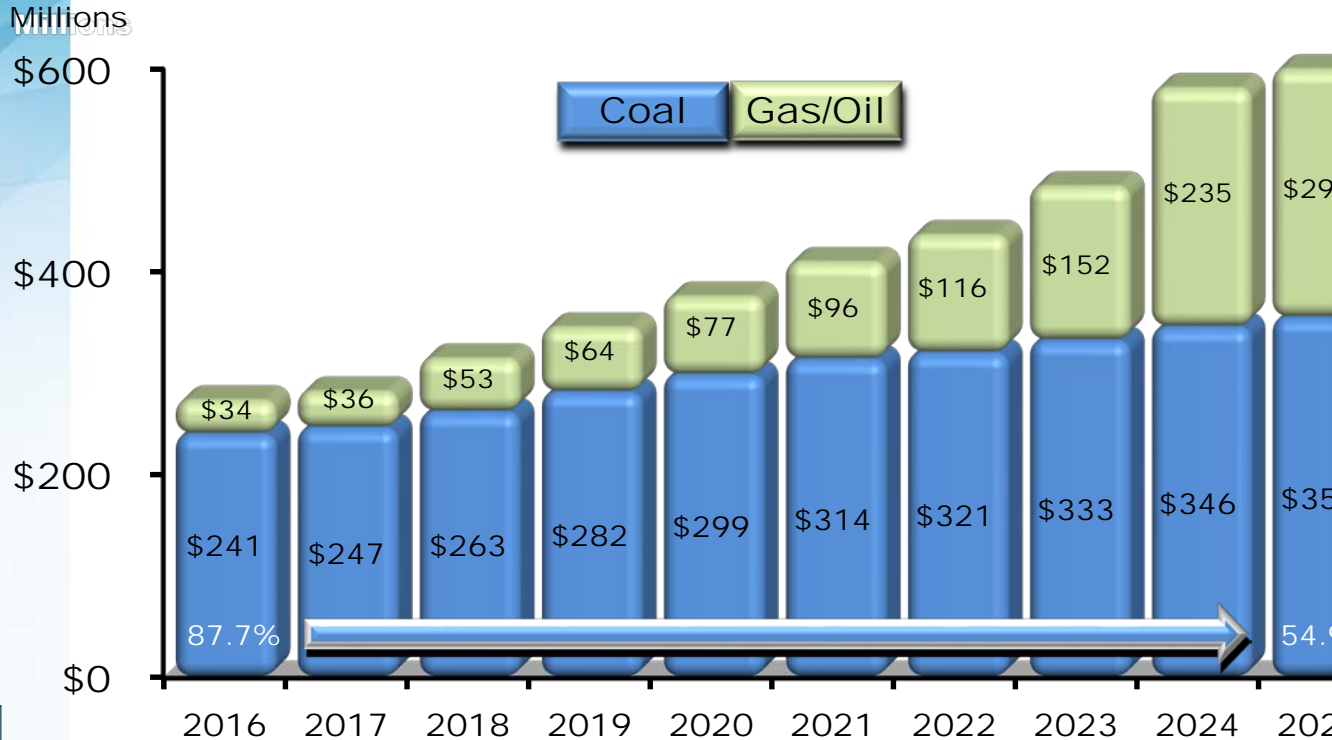
# Depreciation Expense



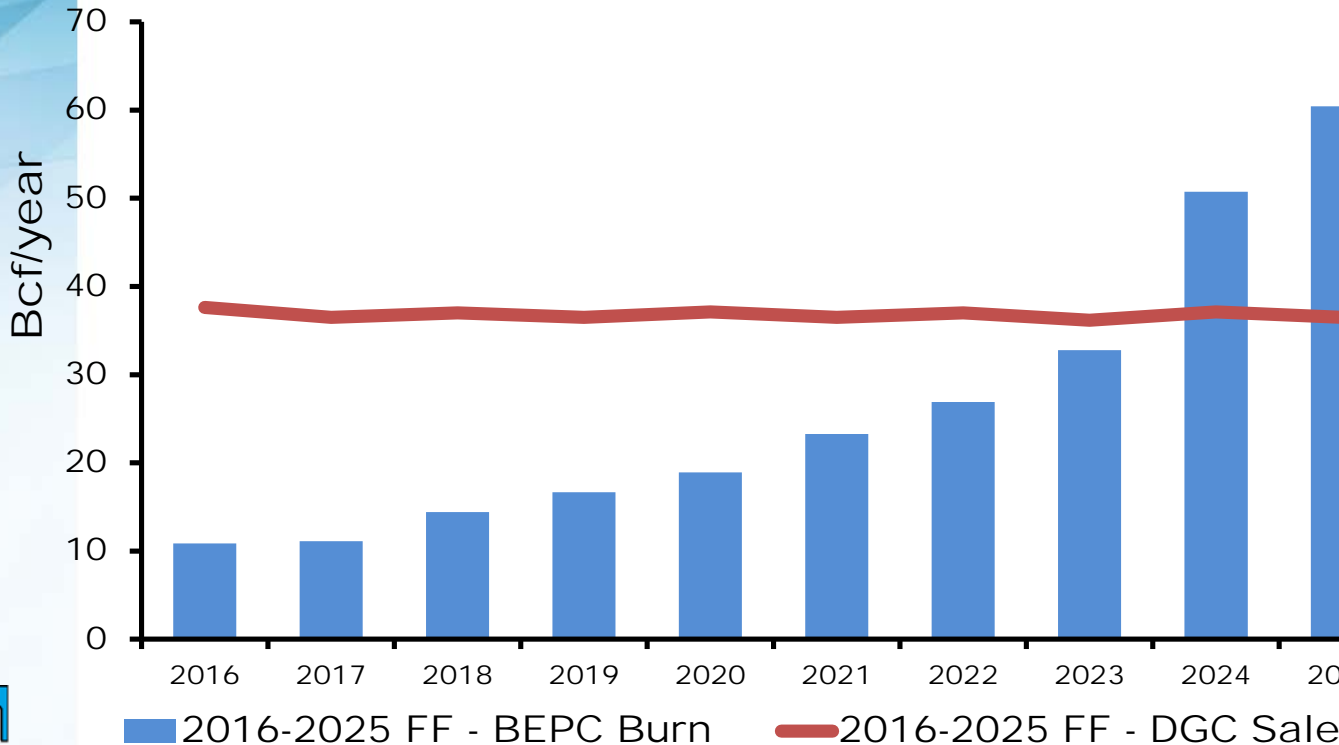
# Interest Expense



# Fuel Expense



# Fuel Expense - Natural Hedge

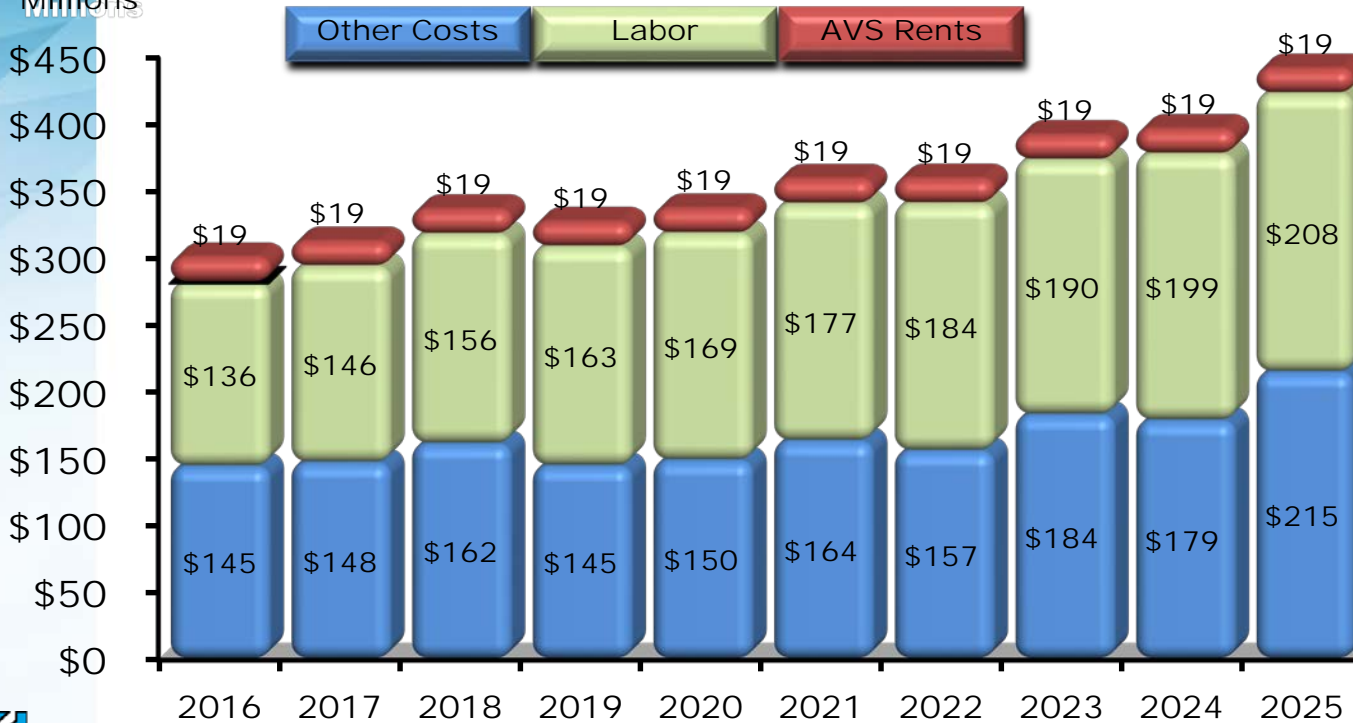




# 2016-2025 BEPC Financial Forecast

## Operations Expense

Millions



# Maintenance Expense

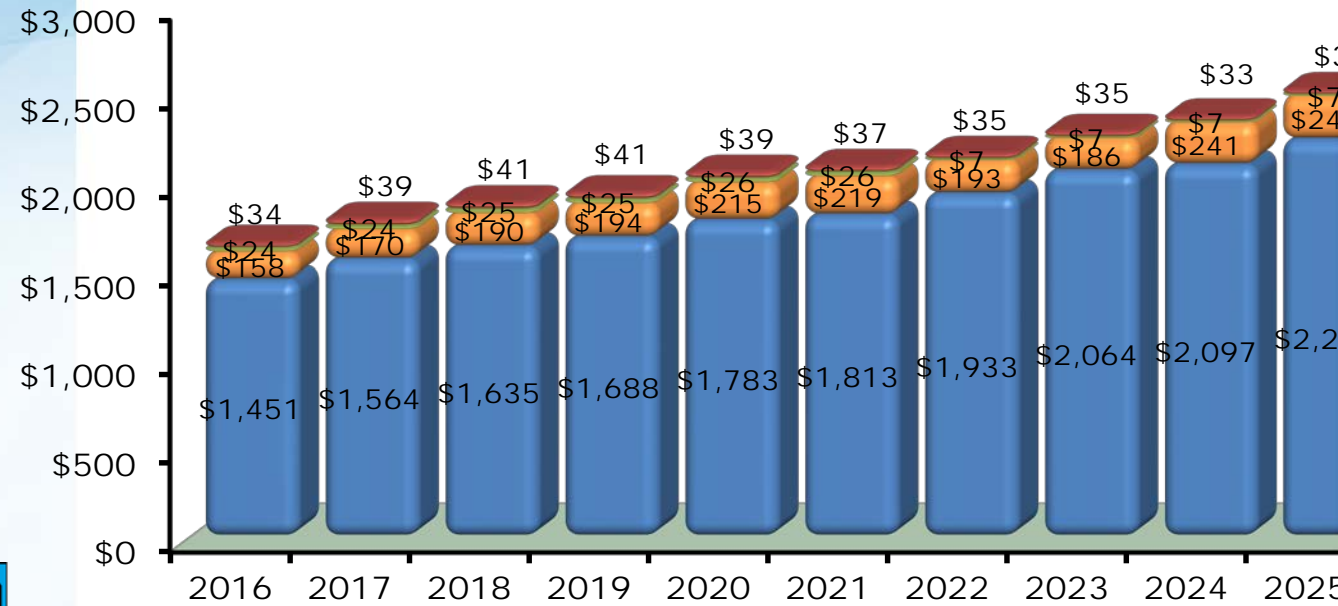
Millions



# Total Revenue



Millions



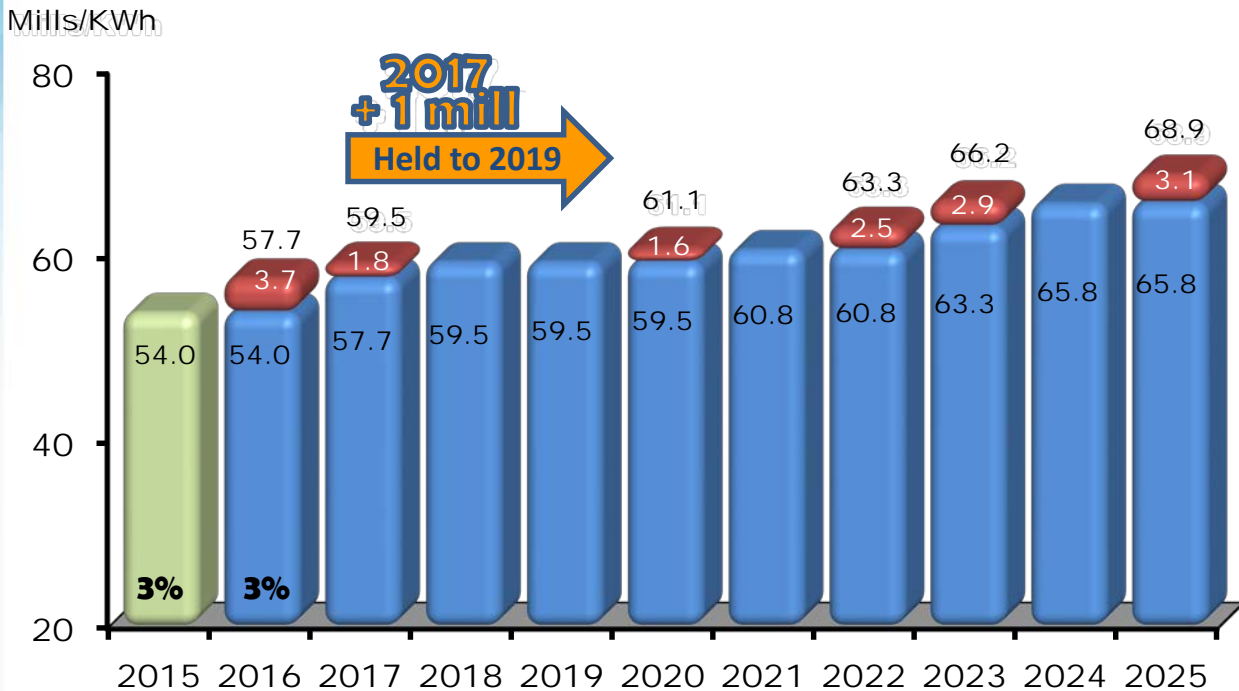
## 2016-2025 BEPC Financial Forecast

# 2016 Rate Reduction Strategy

	<u>Impact (Millions)</u>	<u>Rate</u>
Initial Rate		60.4
• Life Extensions		
• Coal to 60 years	27	
• Gas to 50 years	10	
• Plant/TSM reductions		
• Moved to 2015	2	
• Moved to 2017-2025	5	
• Reductions	10	
• IS&T reductions	3	
• Staffing Reductions	3	
Updated Rate		57.7

**\$62 Mil**  
**Reduction**

# Average Member Rate



# Member Requirement

Millions

\$80

\$60

\$40

\$20

\$0

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

\$50.0

\$73.3

\$69.8

\$66.5

\$59.0

\$59.2

\$60.7

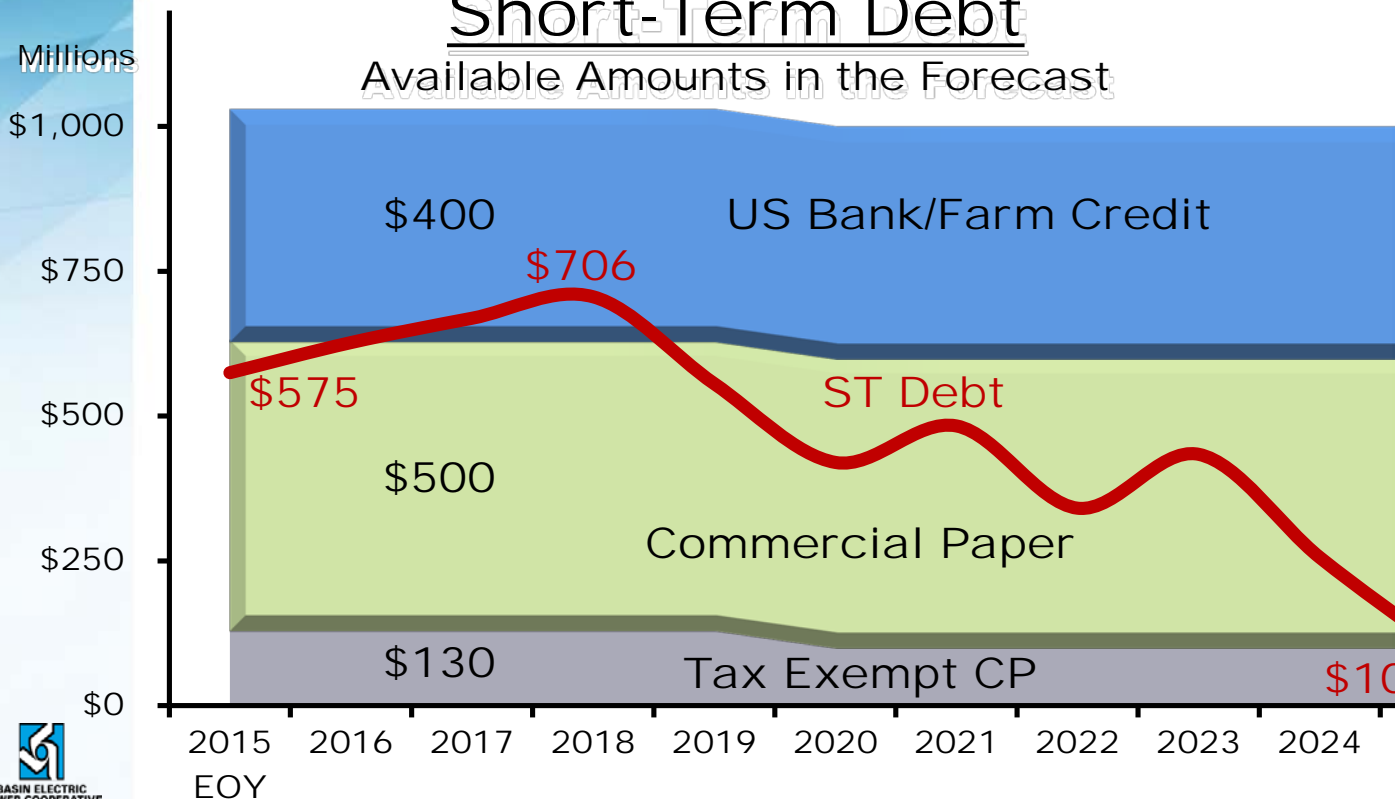
\$64.3

\$66.2

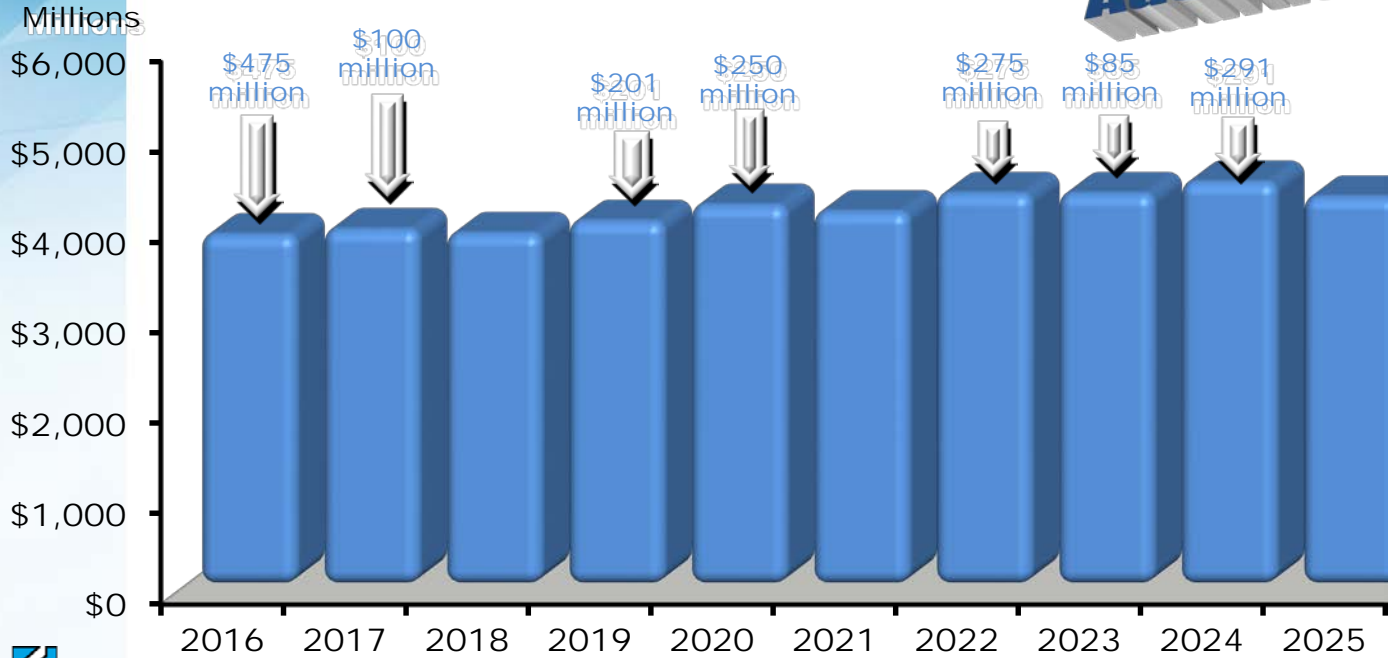
# BEPC Liquidity

## Short-Term Debt

Available Amounts in the Forecast



# Long-Term Debt Balance





# Capital Project - Cash Flow

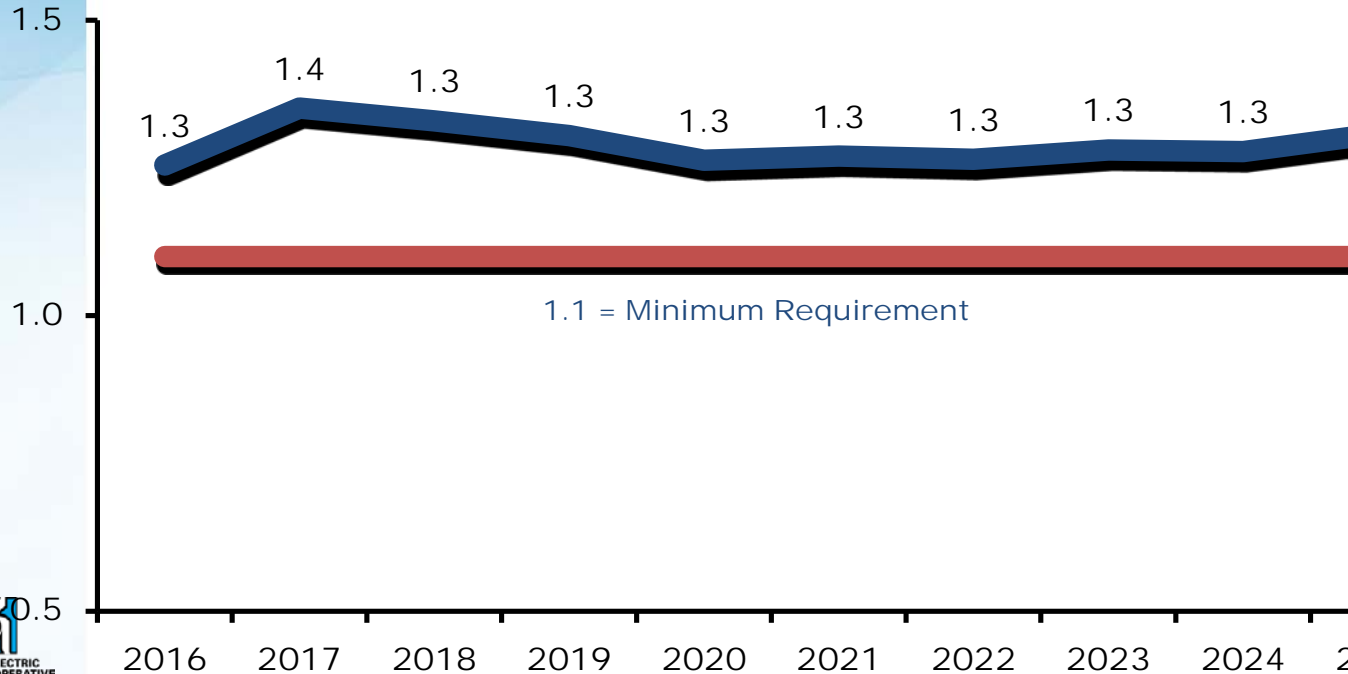
Millions



# MFI Requirement

MFI Indenture Calculation

$$\frac{\text{Margin} + \text{Interest}}{\text{Interest}}$$



# Moody's Financial Metrics

- **TIER**
- **DSCR Ratio**
- **FFO/Debt**
- **FFO/Interest**
- **Equity/Capitalization**

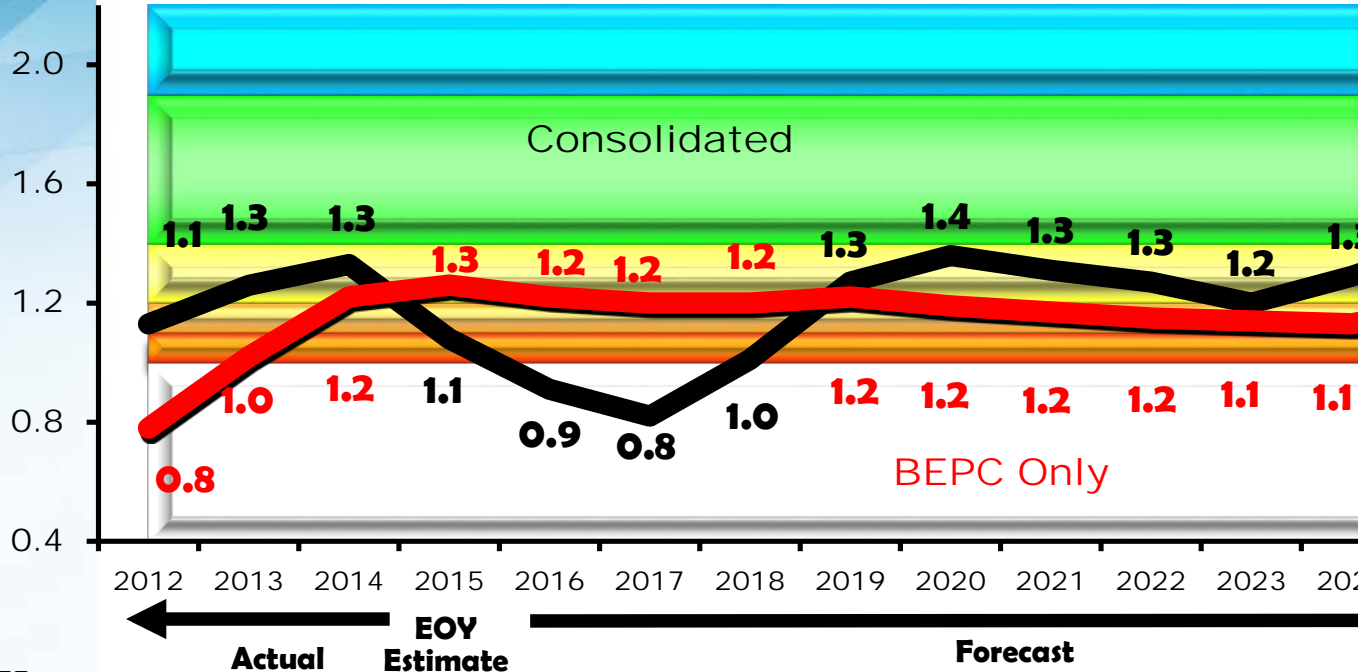


# 2016-2025 BEPC Financial Forecast

## TIER

Margins & Earnings before Tax + Interest  
Interest

Ratio

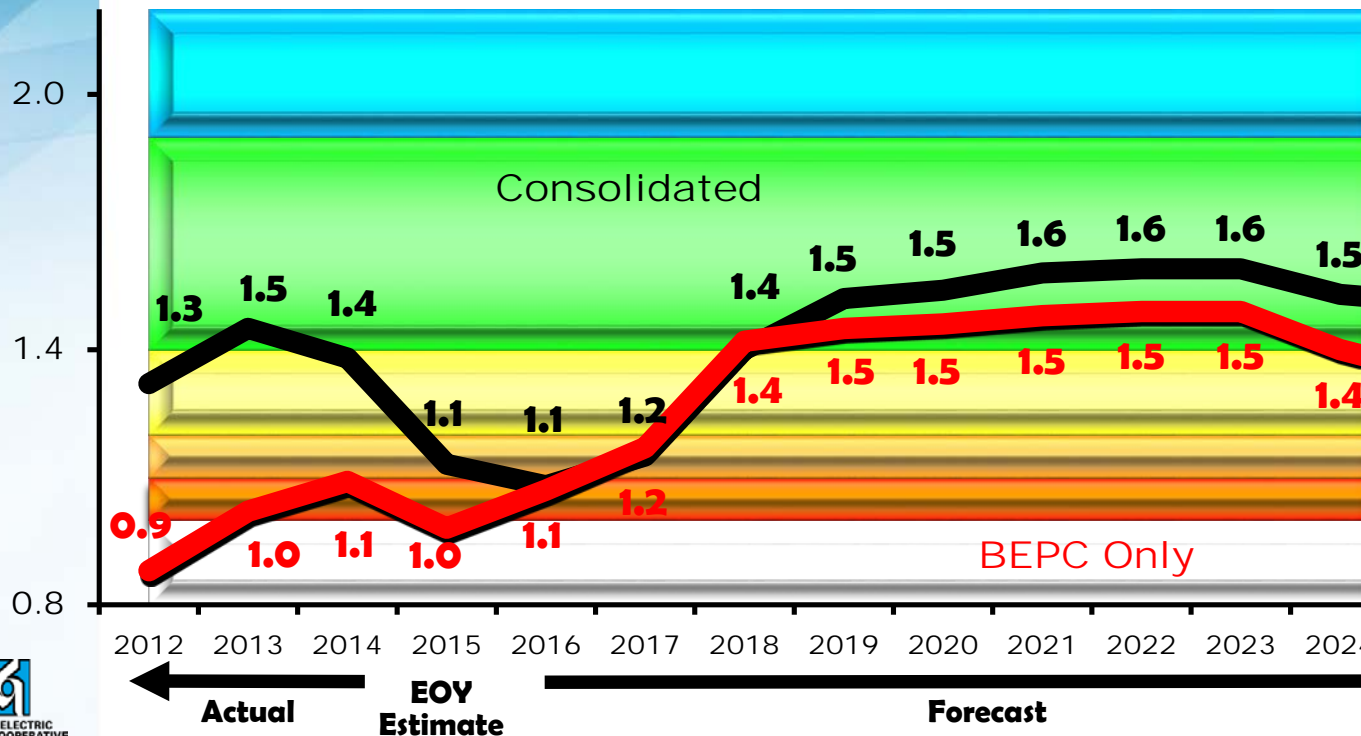


# 2016-2025 BEPC Financial Forecast

## DSC Ratio

Margins & Earnings after Tax + Interest + Depreciation  
Interest + Principal

Ratio



# 2016-2025 BEPC Financial Forecast

## FFO/Debt

Funds from Operations  
ST Debt + LT Debt

Ratio  
20.0

15.0

10.0

5.0

0.0

Consolidated

BEPC Only

2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

Actual

EOY  
Estimate

Forecast

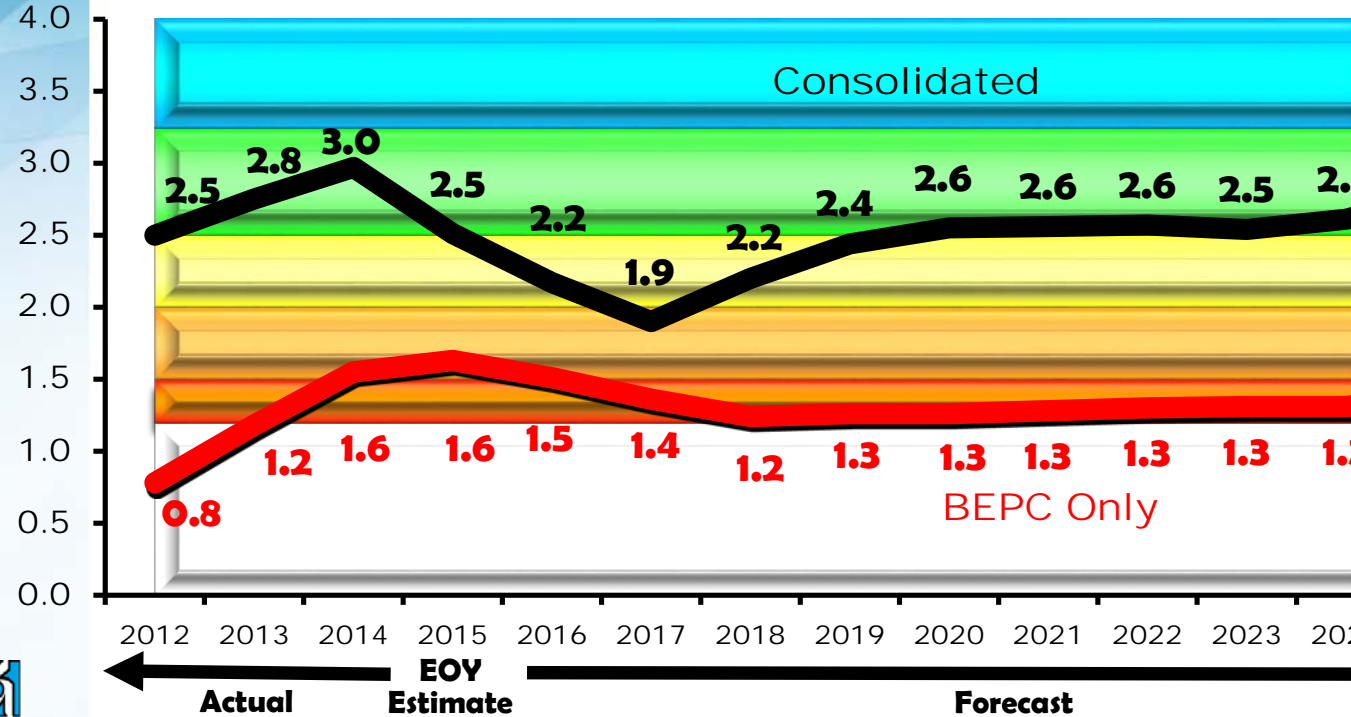


# 2016-2025 BEPC Financial Forecast

## FFO/Interest

Funds from Operations  
Interest Expense

Ratio



Actual

EOY  
Estimate

Forecast

# Equity/Capitalization

Equity  
Equity/Debt

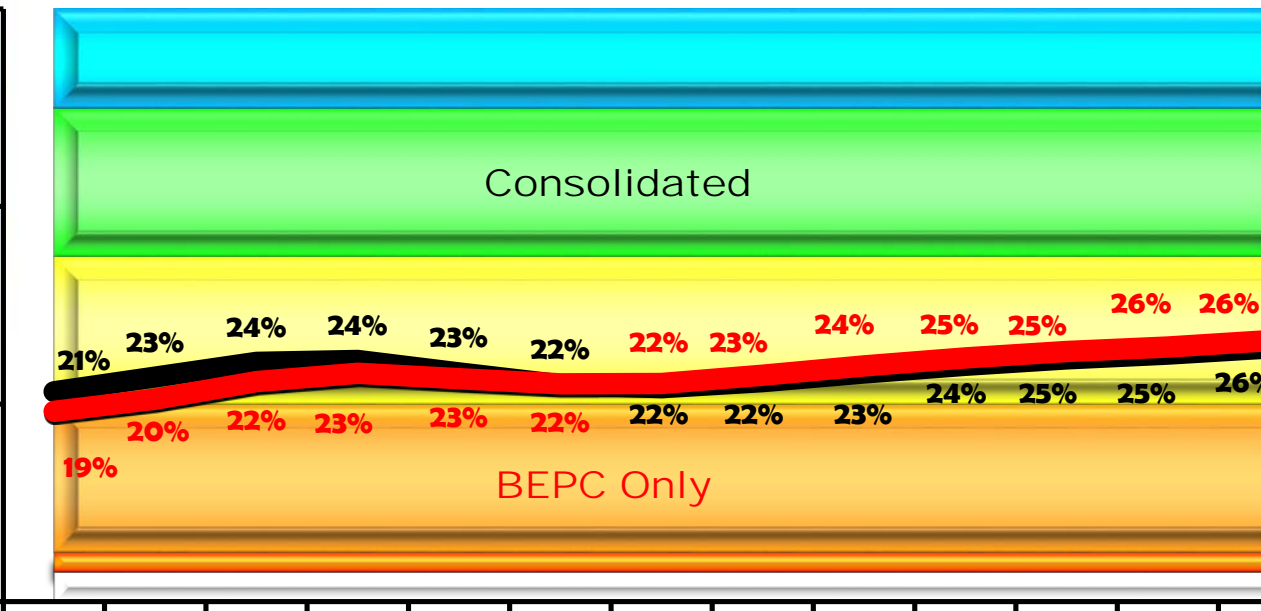
Percent

60%

40%

20%

0%



2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

← Actual EOY Estimate Forecast





**2016-2025**  
***BEPC Financial Forecast***

**Questions**

