



RDC Proposal Data Example



Assumptions

- BP-24 Net Revenue Distributions
- Remove settlement PNRR of \$129M
- Add cashflow from treatments:
 - NSR:
 - \$120M for high NSR scenario
 - \$60M for low NSR scenario
 - Flat \$40 for generic PNRR
 - Calculated PNRR need for note phaseout
- Assume full RDC returned as rate relief
- Three beginning reserves scenarios
 - High: 120 DCOH
 - Medium: 90 DCOH
 - Low: 60 DCOH

Summary Results for Year 2 Risk Adjustments

Reserves Scenario	Status Quo (BP-24 less Settlement PNRR)			NSR @ 80% of Expected (\$600M)			NSR @ 80% of Expected (\$300M)			Generic PNRR			Treasury Note Phase out (no effect until 3 rd RP)		
	High	Med	Low	High	Med	Low	High	Med	Low	High	Med	Low	High	Med	Low
Base (RP avg)	N/A			\$120			\$60			\$40			\$0	\$50*	\$95*
RDC	\$82	\$59	\$36	\$140	\$103	\$65	\$109	\$79	\$48	\$100	\$72	\$44	\$82	\$75	\$57
CRAC	\$1	\$3	\$5	N/A	N/A	\$1	N/A	\$1	\$2	N/A	\$2	\$3	\$1	\$1	\$1
Surcharge	\$5	\$9	\$14	\$2	\$5	\$6	\$5	\$7	\$11	\$6	\$7	\$12	\$5	\$7	\$5

Notes:

* Note “removed” in equal thirds across three rate periods. No base rate impact until third rate period in the phase-out.

\$430M of total note removed in exchange for \$100M - \$190M in PNRR (only effective in last RP)