FitchRatings

Public Finance
Public Power
United States

South Carolina Public Service Authority (Santee Cooper), South Carolina

Ratings

Long-Term IDR	A–

New Issues

$363,115,000 Revenue Obligations Series 2020A	A–
$300,450,000 Revenue Obligations Refunding (Taxable), Series 2020B	A–

Outstanding Debt

Revenue Obligations	A–
Revenue Obligations (Federally Taxable Build America Bonds - Direct Payment)	A–
Revenue Obligations (Taxable)	A–

Rating Outlook

Stable

New Issue Summary

Sale Date: Week of Oct. 26, 2020

Series: 2020 Series A and 2020 Series B

Purpose: Proceeds from the 2020 obligations will be used primarily to refund outstanding parity obligations and pay the costs of issuance.

Security: The revenue obligations are payable from, and secured by a lien on, the net revenues of the authority.

The 'A–' rating primarily reflects South Carolina Public Service Authority (Santee Cooper), South Carolina's leverage ratio, measured as net adjusted debt/adjusted funds available for debt service (FADS), which remained above 10.0x in 2019 and is elevated for the rating. Santee Cooper's debt burden has steadily declined since 2016, but its balances still reflect the sizable burden incurred in connection with the canceled Summer Nuclear Station project.

The authority's leverage and financial profile are supported by strong contractual underpinnings that support revenue collections from its diverse base of retail customers, as well as those from Central Electric Power Cooperative, its largest wholesale customer. Very low operating risk also supports the authority's profile, due to very low operating costs and more moderate capital spending requirements.

The Stable Outlook reflects the following three developments, which meaningfully address the asymmetric risk factors affecting the authority's credit quality: The recent agreement to settle significant aspects of outstanding litigation; the enactment of legislation that provides greater operating stability; and progress related to stabilizing its management and governance structure.

The rating and Outlook further reflect Fitch Ratings' expectation that the authority's leverage ratio will improve to approximately 10x in 2022 following strained performance due to the coronavirus pandemic and related economic contraction in 2020 and 2021. The rating and Outlook also reflect $200 million in litigation payments and the authority's agreement to lock rates.

Key Rating Drivers

Revenue Defensibility: 'a'; Santee Cooper's revenue defensibility assessment reflects the strong contractual underpinnings supporting revenue collections from both retail and wholesale customers, but is constrained by its agreement to lock rates through January 2025, as well as Central's credit quality.

Operating Risk: 'aa'; Operating costs averaged below six cents per kWh over the past five years, which are low for its wholesale business line and very low for the retail business line. Operating costs are not expected to experience upward pressure and could decline under the terms of Santee Cooper's latest operating plan. Capital requirements for current and new generation are lower than historical levels and appear very manageable.

Financial Profile: 'a'; Santee Cooper's leverage ratio was high at 10.6x at the end of fiscal 2019. The ratio reflects substantial debt that was issued to fund the Summer nuclear expansion before the project was terminated. Financial margins stabilized through 2019 with coverage of full obligations above 1.3x and cash on hand at 160 days, but weaker performance in 2020 and 2021 is expected to push leverage ratios higher, before moderating thereafter.

Applicable Criteria

Public Sector, Revenue-Supported Entities Rating Criteria (March 2020)

U.S. Public Power Rating Criteria (March 2020)

Related Research

Public Power - Fitch Analytical Comparative Tool (FACT) - 2020 (June 2020)

U.S. Public Power: Peer Review (June 2020)

Fitch Ratings Updates 2020 Sector Outlooks to Reflect Coronavirus Impact (March 2020)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Significantly stronger than expected performance under the current rate lock that allows the authority to consistently reduce leverage ratios well below 10x in Fitch's base and stress scenarios;
- Increased stability regarding the authority's board composition, operating parameters, and management and governance challenges.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Evidence of weaker than expected operating performance as a result of the current rate lock;
- Failure to reduce leverage ratios to approximately 10x by 2022 in Fitch's base and stress scenarios;
- Threatened or enacted changes in the authority's management and governance that could reduce operating flexibility or further limit rate-setting authority.

Rating History

Rating	Action	Outlook/ Watch	Date
A–	Affirmed	Stable	10/22/20
A–	Reviewed - No Action	Negative	12/5/19
A–	Downgraded	Negative	11/14/18
A+	Affirmed	Negative[a]	3/7/18
A+	Affirmed	Stable	10/25/17
A+	Affirmed	Negative[a]	2/17/17
A+	Downgraded	Stable	6/5/14
AA–	Affirmed	Negative	7/18/13
AA–	Downgraded	Stable	1/10/12
AA	Affirmed	Stable	11/16/05
AA	Affirmed	Negative	12/17/04
AA	Affirmed	Stable	8/2/04
AA	Upgraded		7/22/98
AA–	Upgraded		9/26/95
A+	Assigned		9/18/92

[a]Rating Watch.

Credit Profile

Santee Cooper is a state agency that provides wholesale power supply and direct retail electric service to approximately 180,000 retail customer accounts and 27 large industrial customers. Santee Cooper supplies electric power to a population of approximately two million across South Carolina, including the retail base of Central, the largest of Santee Cooper's five all-requirements wholesale customers. The authority also owns the Lake Moultrie and Lake Marion regional water systems, two drinking water treatment systems serving nearly 200,000 people.

Cancelled Nuclear Construction Strains Profile

Santee Cooper's decision to suspend construction of Summer Nuclear Station's Units 2 and 3 on July 31, 2017 following the bankruptcy of the project's lead contractor, Westinghouse Electric Company LLC, triggered a number of legal, political and financial challenges for the authority. Santee Cooper had spent $4.3 billion at the time of the decision, and construction of the nuclear plant expansion was 36% complete, with the engineering and procurement efforts both more than 90% complete.

The decision may have been justified based on revised cost and timeline estimates regarding revised load expectations, but the construction halt and prospects for recovering the stranded costs associated with the incomplete project ignited a series of statewide controversies.

Fervent customer and political opposition to stranded cost recovery ultimately drove state regulators and shareholders to approve the sale of co-owner South Carolina Electric & Gas Company and its parent SCANA Corporation to Dominion Energy, Inc. in January 2019, and led the governor to sign Act 95, which would allow the state to consider options to sell, manage or reform the authority. Committees in the state Senate and House of Representatives rejected all three of the final proposals pursuant to Act 95 in early 2020, including the authority's own reform plan.

Santee Cooper also took a major step in stabilizing its operating profile in 2020 by agreeing to resolve significant litigation challenging the authority's ability to recover costs related to the Summer project. The agreement, called the Cook Settlement, provided for the release of major claims against the authority in exchange for payments for the benefit of utility customers totaling $200 million over three years, and an agreement by Santee Cooper to hold rates at levels consistent with its reform plan through Jan. 15, 2025.

Before concluding its regular two-year session in May 2020, the state legislature passed Act 135, a temporary resolution that provides interim guidance for the authority's operation for up to one year, until the legislature returns to consider other actions. Positively, the terms of Act 135 provide Santee Cooper with ample authority to operate in a manner consistent with the principles of its reform plan while adhering to the provisions of the Cook Settlement.

The terms of Act 135 will enable Santee Cooper to execute its proposed resource plan, hedge its variable cost exposures, perform normal financing activities, resolve outstanding lawsuits and claims, and lock rates as provided in the Cook Settlement. These provisions will remain in effect through May 31, 2021, or until superseded by an act of the General Assembly.

Act 135 also addressed governance concerns at Santee Cooper by establishing an oversight committee and requiring that the Office of Regulatory Staff (ORS) conduct monthly reviews of the authority. The oversight committee, which consists of the governor and four members of the state government, is only expected to meet to consider certain long-term contracts and to clarify operational functions and matters identified by the ORS. Reviews by the ORS will focus on the authority's compliance with the terms of Act 135.

Pandemic's Impact Manageable

The overall impact of the coronavirus pandemic appears manageable. The authority's annual load forecast was updated to account for an 8% reduction in sales, but recent performance indicates declines closer to 5%. Retail delinquencies have returned to pre-pandemic levels, and there are no expectations that bad debt expense will increase significantly compared with historical years.

Operating income for fiscal 2020 should be in line with the budget, with anticipated reductions in operating costs. Fitch's ratings remain forward-looking in nature, and Fitch will continue to monitor developments related to the severity and duration of the virus outbreak, as well as revise expectations for future performance as appropriate.

Revenue Defensibility

Santee Cooper's very strong revenue source characteristics are rooted in the strong contractual underpinnings supporting revenue collections from both retail and wholesale customers. Wholesale revenues accounted for 63% of Santee Cooper's revenue in 2019, and are largely derived pursuant to a coordination agreement with Central. Santee Cooper provides the total power and energy requirements of Central and its member cooperatives under the agreement, which cannot be terminated.

Amendments to the 2013 agreement extended the term to 2058 from 2030 to facilitate longer term debt issuance to finance the Summer project, and to provide Central with greater flexibility to participate in new generating resources constructed by the authority. Earlier revisions to the agreement allowed Central to transition roughly 900MW of load to Duke Energy Carolinas, LLC from Santee Cooper, but no further load transitions are anticipated.

Nearly all of Santee Cooper's remaining wholesale revenues are similarly derived under long-term contracts that terminate at various dates during 2023–2033. These include all-requirements contracts with the cities of Georgetown, Bamberg and Seneca, as well as agreements for capacity and energy with Piedmont Municipal Power Agency (PMPA) and Alabama Municipal Electric Authority (AMEA).

The authority also provides direct service to approximately 190,000 retail customers throughout the Berkeley, Georgetown and Horry Counties of South Carolina, and an additional 27 large industrial customers throughout the state. These customer classes provided roughly 24% and 13% of Santee Cooper's total 2019 revenue, respectively. The authority has the exclusive right under state law to provide retail electric service throughout these service areas, and to serve the existing industrial customers outside its assigned territory.

Demand has been supported by very strong customer growth, increasing by 8.7% since 2015, and regional demographics for income and unemployment that are consistent with national averages. Some of the authority's large industrial customers are supplied under contract, including Nucor Corporation (4.8% of revenue) and Century Aluminum Company (1.4%). Contract durations are relatively short, but Nucor and Century have been customers of the authority since 1996 and 1977, respectively.

Santee Cooper's water operations account for less than 1% of total revenue.

Rate Flexibility

Santee Cooper's enabling legislation gives its board the autonomous power to set electric rates. The terms of its revenue obligation resolution require that the authority set rates to provide revenue to meet all obligations, including principal and interest on indebtedness.

These factors, together with the competitiveness of its rates and timely cost recovery, support very strong rate flexibility. Rate flexibility will be diminished somewhat through January 2025 due to the Cook Settlement, but the authority's ability to manage its fuel and purchased power costs and defer expense recovery support Fitch's assessment. Expenses eligible for deferred recovery include those related to changes in law, storm events, cyberattacks and certain changes in Central's load.

Rate-setting authority rests solely with Santee Cooper's board, which has historically exercised its authority to achieve financial targets of 1.4x debt service coverage and 90 days cash on hand. However, under the terms of the Cook Settlement, the board agreed to impose a rate lock effective for all service after Aug. 16, 2020.

The agreement applies to the vast majority of the authority's customers, suspending the rate adjustment mechanisms in place and locking rates at levels consistent with the authority's reform plan. However, expectations for lower operating costs, which are also consistent with the reform plan, and the allowance to defer certain unanticipated expenses, should allow the authority to produce cash flow sufficient to meet its obligations and achieve its financial targets.

Fitch believes the rate lock will further support the competitiveness of the authority's retail rates, which have not increased since 2017. Santee Cooper's total average retail revenue per kWh has consistently remained 15%–20% below the state average, according to U.S. Energy Information Administration data.

Purchaser Credit Quality

Purchaser credit quality is midrange, largely based on the credit quality of the authority's dominant purchaser, Central, as assessed by Fitch using publicly available information. Fitch's assessment reflects the cooperative's leverage ratio of approximately 8x, measured as net adjusted debt/adjusted FADS, and weaker liquidity, as evidenced by historical cash on hand of approximately 3 days.

Central's credit quality is supported by revenue derived from a very strong contractual framework that includes all-requirements wholesale power contracts with each of its 20 members, and legal authority to set rates to members.

Central's members provide electric service to approximately 770,000 customers throughout South Carolina. The areas served by Central's largest members generally exhibit midrange demand characteristics, including customer growth rates above 1.5% per annum, unemployment metrics consistent with the national average and income metrics weaker than the national average. Central's operating risk profile and cost burden are low, reflecting the cost, terms and characteristics of its power supply arrangement with Santee Cooper.

Although the wholesale purchaser cities in South Carolina of Georgetown, Bamberg, Seneca, and Waynesville, North Carolina, are not rated by Fitch, the credit quality of PMPA (A–/Stable) and AMEA (AA–/Stable) further support overall revenue defensibility.

Operating Risk

Santee Cooper's operating cost burden is assessed as very low, reflecting its role as both a wholesale and retail supplier. The authority's Fitch-calculated cost of power of 5.9 cents per kWh over the past five years suggests a cost burden assessment of 'a' for wholesale systems, but the burden is well below the 'aa' threshold for retail systems. The relative stability of the cost burden reflects the relatively efficient operation of the authority's generating resources, and reflects annual payments in lieu of taxes and distributions to the state totaling $28 million.

Operating Cost Flexibility

The authority's operating cost flexibility is assessed as neutral and driven by a power supply portfolio that is well-diversified regarding fuel sources and unit capacity. Summer peak capability, which includes a mix of owned (5,115MW) and purchased (474MW) resources, remains generally sufficient to meet peak demand, which declined to 4,507MW in 2019, from 5,869MW in 2015, due to lower Century load and declines in Central's purchases.

Coal-fired generation dominates the authority's portfolio of resources, accounting for nearly 63% of existing capacity, but it supplied only 38% of energy needs in fiscal 2019. Natural gas-fired and nuclear generation accounted for approximately 21% and 11%, respectively, of 2019 energy needs. The diversity of the authority's portfolio should improve over the near term, and its reliance on coal-fired capacity should decline.

Current resource plans call for the retirement of nearly 600MW of capacity at Winyah Generating Station by 2023, and a reduction of 153MW of purchased capacity in an effort to right-size resources against declining peak demand, and eliminate costly and inefficient generation. The authority anticipates summer reserve margins will decline to 21% by 2024, from 28% in 2021, and coal will account for approximately 56% of total capacity. New added capacity will likely be limited to 76MW of new gas-fired combustion turbines and purchased solar capacity over the long term.

Capital Planning and Management

Despite the challenges with the Summer nuclear project, Santee Cooper's capital planning and management is assessed as strong, reflecting the authority's age of plant of 18 years and continued reinvestment in its system. Capex/deprecation ratios have averaged a lofty 324% over the prior five years, reflecting very high capex in 2016 and 2017 related to the Summer expansion. However, capex has also exceeded depreciation in recent years, by 129% in 2019, and is expected to do so on average over the next five years.

The authority's capital planning continues to evolve dramatically following the decision to abandon nuclear construction in 2017. Spending approximated $3.39 billion in 2015–2019, and included substantial investment in the Summer project, but Santee Cooper's five-year plan considers total spending of approximately $1.6 billion through 2024, and will focus on general improvements ($898 million), environmental compliance ($274 million) and the addition of new combustion turbines ($115 million). The authority expects to begin construction of a new gas-fired combined-cycle facility and expand solar capacity over the long term.

The majority of these moderate expenditures are expected to be funded with cash flow from operations and cash reserves, along with and modest amounts of additional debt.

Financial Profile

Santee Cooper's leverage has declined since 2016 but remains stubbornly elevated for the current rating. Debt balances have risen steadily since 2008, when construction of the Summer nuclear project began, but have declined modestly to roughly $7.2 billion at YE 2019, since a peak of $8.7 billion in 2016.

Similarly, the authority's leverage ratio has trended down from a peak of 13.2x–10.6x over the same period. Scheduled amortization and the use of funds from the authority's settlement with Westinghouse and its parent Toshiba Corp. to defease debt contribute to improved metrics, along with steadily increasing FADS.

Liquidity is neutral to the rating. Cash balances have remained consistently strong, ranging 160 days–225 days over the prior five years. Unrestricted cash balances totaled approximately $481 million at the end of fiscal 2019. Santee Cooper's liquidity cushion totaled 332 days, including available borrowing capacity under revolving credit agreements and available CP. Fitch-calculated coverage of full obligations has been healthy, above 1.3x since 2016.

Fitch Base Case and Stress Case Scenario Analysis

Fitch's scenario analysis suggests the authority's leverage ratio will rise in 2020 and 2021 to more than 11x, before moderating closer to 10x in 2022 and thereafter. Base case assumptions are informed by Santee Cooper's own financial forecast, and include reductions in energy sales of more than 11% for retail customers and 3% for wholesale customers, as both face reduced demand due to the pandemic. Fitch expects energy sales to rebound in 2021 before stabilizing in 2022–2024.

The scenario also reflects the authority's current rate lock, expected payments related to the Cook Settlement and moderated capital spending of approximately $285 million per annum through 2023. Liquidity through the scenario analysis is also expected to remain adequate and neutral to the rating, with cash on hand of roughly 120 days and coverage of full obligations consistently above 1.3x.

Fitch's standard stress scenario produces weaker financial performance and leverage ratios that reach 12.8x before moderating to 11.3x in 2022, but were given less consideration in Fitch's review, as the base case fully incorporates a stress that is consistent with expectations related to the pandemic and the resulting economic contraction.

Debt Profile

Santee Cooper's debt profile is neutral to the rating. Nearly all of the authority's approximately $7 billion of outstanding revenue obligations are fixed rate, and scheduled amortization is manageable through final maturity. Variable rate debt was limited to 6% of total debt at YE 2019, or approximately $440 million, including outstanding CP ($142 million), borrowings under revolving credit agreements ($135 million) and a single series a variable-rate revenue obligations ($163 million).

The authority's $200 million CP program is supported by an irrevocable direct-pay LOC with Bank of America. Additional borrowing capacity is available through separate revolving credit agreements with each of Barclays Bank PLC, TD Bank, N.A. and J.P Morgan Chase bank, N.A, totaling $550 million. The agreements expire at various dates in 2021.

Total Fitch-calculated debt includes capitalized fixed charges related to purchased power, totaling $462 million in 2019, and unfunded pension obligations as adjusted pursuant to Fitch's methodology ($430 million). Santee Cooper is a participant in the South Carolina Retirement System and contributes to the state's pension plan on behalf of its roughly 1,700 employees. Annual contributions are minimal, equal to less than 1% of total revenue.

Asymmetric Additional Risk Considerations

The Cook Settlement and the stabilization of Santee Cooper's management and governance structure meaningfully addressed the authority's asymmetric risk factors. Certain challenges and limitations remain, but Fitch no longer believes these factors actively constrain the rating.

The Cook Settlement significantly reduces the authority's exposure to material and costly litigation, and the denial of its legal authority to recover costs related to the Summer project, including over $4 billion of outstanding debt. The settlement further appears to repair Santee Cooper's working relationship with its largest customer, Central.

Governance challenges remain, as two of Santee Cooper's twelve board seats are vacant, including the Chair, and five seats have expired. The governor appointed only three of the seven seats, with Senate confirmation pending. Board members must be chosen from each of the state's seven congressional districts and the three counties being served on a retail basis — Berkeley, Horry and Georgetown.

Management's ability to flexibly operate the utility appears to be greatly improved. The newly created oversight committee and ORS monitoring are unusual and could prove frustrating, but the principles and guidelines established pursuant to Act 135 should support efficient and disciplined operations.

ESG Considerations

The authority's ESG Relevance Score for Governance Structure was recently revised to '3' from '5', reflecting the improved functionality of Santee Cooper's board, the operating guidelines approved through Act 135 and the diminished threat of rate regulation or an outright sale.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Financial Summary

($000, Audited Fiscal Years Ended Dec. 31)	2015	2016	2017	2018	2019
Net Adjusted Debt/Adjusted FADS (x)	**12.53**	**13.20**	**10.97**	**10.73**	**10.60**
Net Adjusted Debt Calculation					
Total Short-Term Debt	597,520	399,899	363,484	260,132	232,617
Total Current Maturities of Long-Term Debt	172,896	134,055	48,546	63,450	89,285
Total Long-Term Debt	7,306,469	8,134,916	7,897,142	7,355,557	6,901,130
Total Debt	**8,076,885**	**8,668,870**	**8,309,172**	**7,679,139**	**7,223,032**
+ Capitalized Fixed Charge - Purchased Power	464,750	344,558	475,577	456,228	462,358
+ Total Pension Obligation (GASB Fitch-Adj. NPL + FASB PBO)	399,877	446,597	462,834	455,257	430,680
- Total Unrestricted Cash	644,533	816,738	574,861	729,591	481,379
- Restricted Funds for Debt Service	147,149	93,576	1,002,136	292,545	70,624
Adjusted FADS for Leverage Calculation					
Total Operating Revenue	1,879,553	1,745,657	1,756,983	1,806,620	1,722,676
Total Operating Expenses	1,502,488	1,374,942	1,357,171	1,400,061	1,319,872
Operating Income	**377,065**	**370,715**	**399,812**	**406,559**	**402,804**
+ Adjustment for Deferred and Subsidy Revenue	7,559	7,575	7,583	7,612	7,640
+ Depreciation and Amortization	198,871	205,129	205,886	210,172	223,857
+ Interest Income	9,207	13,001	12,403	11,103	7,922
FADS	**592,702**	**596,420**	**625,684**	**635,446**	**642,223**
+ Adjustment for Purchased Power	58,094	43,070	59,447	57,029	57,795
- Total Transfers/Distributions	20,116	19,192	17,751	17,397	17,496
+ Pension Expense	19,500	27,600	32,000	30,600	30,800
Coverage of Full Obligations (x)	**1.22**	**1.32**	**1.31**	**1.44**	**1.45**
FADS	592,702	596,420	625,684	635,446	642,223
+ Adjustment for Purchased Power	58,094	43,070	59,447	57,029	57,795
- Total Transfers/Distributions	20,116	19,192	17,751	17,397	17,496
Full Obligations Calculation					
Cash Interest Paid	308,129	252,675	314,532	364,726	348,597
Prior-Year Current Maturities	149,689	172,896	134,055	48,546	63,450
Total Annual Debt Service	**457,818**	**425,571**	**448,587**	**413,272**	**412,047**
+ Adjustment for Purchased Power	58,094	43,070	59,447	57,029	57,795
Liquidity Cushion (Days)	**208**	**286**	**208**	**322**	**332**
Unrestricted Cash (Days)	**180**	**255**	**182**	**224**	**160**
Liquidity Calculation					
+ Total Unrestricted Cash	644,533	816,738	574,861	729,591	481,379
+ Total Borrowing Capacity	200,000	200,000	400,000	400,000	650,000
- Amounts Unavailable	100,000	100,000	318,000	81,500	135,300
Cash Operating Expense Calculation					
Total Operating Expense	1,502,488	1,374,942	1,357,171	1,400,061	1,319,872
- Depreciation and Amortization	198,871	205,129	205,886	210,172	223,857
Cash Operating Expenses	**1,303,617**	**1,169,813**	**1,151,285**	**1,189,889**	**1,096,015**

FADS – Funds available for debt service. GASB – Governmental Accounting Standards Board. NPL – Net pension liability. FASB – Financial Accounting Standards Board. PBO – Pension benefit obligation.
Sources: Fitch Ratings, Fitch Solutions, Lumesis, U.S. Energy Information Administration, South Carolina Public Service Authority (Santee Cooper), South Carolina.

Key Definitions

Terms	Definition	Significance
Issuer Default Rating (IDR)	An expression of overall enterprise risk and relative vulnerability to default.	Provides an opinion of the relative ability of an entity to meet financial commitments, expressed as an ordinal measure of credit risk.
Net Adjusted Debt	Adjusted debt – unrestricted cash – funds restricted for debt service	Provides an inclusive evaluation of long-term liabilities offset by funds available for debt service.
Adjusted FADS	EBITDA + interest income + 30% of purchase power expense + operating lease expense – transfers/distributions + pension expense	Provides an indication of cash flow available for the payment of debt service, adjusting for purchased power, operating lease and pension obligations.
Net Adjusted Debt to Adjusted FADS	Net adjusted debt/adjusted FADS	Provides an indication of net total leverage position against available operating cash flow.
Full Obligations	Cash interest paid + scheduled long-term principal payments + 30% of purchase power expense	Provides an indication of inclusive fixed and debt service obligations.
Coverage of Full Obligations	(EBITDA + interest income + 30% of purchase power expense + operating lease expense – transfers/distributions)/full obligations	Provides an indication of the relative cushion of operating cash flow to fixed charges.
Base Case	The expected forward-looking case in the current macroeconomic environment.	Provides the analytical starting point in the forward-looking analysis, and also informs the rating case.
Rating Case	The potential performance under a common set of assumptions.	Illustrates how cycles affect individual issuers differently, and informs the level of rating stability and credit resiliency.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.