MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns A3 to South Carolina Public Service Authority's Revenue Obligations, 2026 Series bonds and affirms A3 on outstanding parity bonds; outlook stable

10 Feb 2026

Up to approximately $8 billion of bonds affected

New York, February 10, 2026 -- Moody's Ratings (Moody's) has assigned an A3 rating to South Carolina Public Service Authority's (Santee Cooper) new bond issuances consisting of up to $213 million of Revenue Obligations, 2026 Tax-Exempt Improvement Series A, up to $106 million of Revenue Obligations, 2026 Taxable Improvement Series B, and up to $146 million of Revenue Obligations, 2026 Tax-Exempt Refunding Series C. We have also affirmed Santee Cooper's parity revenue bonds. Santee Cooper has approximately $8 billion of bonds outstanding, including the current issuances. The outlook is stable.

RATINGS RATIONALE

The affirmation of Santee Cooper's A3 rating considers the return to traditional rate setting practices following the expiration of the rate freeze in January 2025 and the court-approved settlement of the disputed Cook Rate Freeze Exceptions. In 2025, the utility implemented a base rate increase, reinstated fuel adjusters, and a rate surcharge to recover the Cook Rate Freeze Exception settlement amount. These and future rate adjustments are expected to result in a more predictable financial performance for Santee Cooper. Continued rate increases should improve debt service coverage ratios (DSCR) to the 1.3x to 1.5x range with an average of around 1.4x for 2026 and beyond.

The utility's continued demonstration of its willingness to implement rate adjustments is a key consideration of the A3 rating especially given Santee Cooper's large, mostly debt-funded capital program. From 2026 through 2028, the utility estimates $3.5 billion of capital spending including $1.4 billion for generation resources, $1.1 billion for transmission projects and $800 million for general improvements. We expect the utility will continue to have a robust capital spending program funded significantly with debt after 2028 to supply growing demand, strengthen system reliability, and ensure environmental compliance.

The rating action does not consider Santee Cooper's memorandum of understanding (MOU) with Brookfield Asset Management (Brookfield) regarding the partially built Summer Nuclear Units 2 and 3. The MOU outlines key terms and conditions regarding Brookfield's potential acquisition of these unfinished nuclear plants and associated construction completion. If the transaction were to move forward, the utility would receive a $2.7 billion cash payment and retain a targeted 25% ownership stake subject to the final costs of completing the nuclear plant. Santee Cooper expects that the cash payment would be used to reduce debt and it would not have any financial responsibility for Unit 2 and 3's construction completion. If this contemplated transaction were to be executed, it would likely be a substantial credit positive for the utility. That said, the transaction requires the successful execution of extensive conditions and negotiation of definitive documentation, which adds substantial uncertainty around its likely execution.

The utility's A3 rating also reflects the utility's broad service area directly or indirectly serving approximately 2 million people in South Carolina, ownership by the state of South Carolina (Aaa stable), and competitive rates. Additional credit strengths include a long-term, all requirements contract with Central Electric Power Cooperative Inc. (Central) maturing at the end of 2058, some generation diversity, and strong adjusted liquidity on hand supported by a total of $1.5 billion of committed bank lines and bank letter of credit backed commercial paper (CP) program ($692 million available as of January 2, 2026).

Santee Cooper's credit profile also recognizes the issuer's high leverage with its adjusted debt ratio at around 131% at FY 2024 owing to the termination of the Summer nuclear project's Unit 2 & 3, along with counterparty concentration with Central, and carbon transition risk due to coal plant ownership.

RATING OUTLOOK

The stable outlook reflects the utility's expectation of consistent rate setting that should lead to DSCR between 1.3x to 1.5x for 2026 and thereafter despite significant additional capital spending needs over the next several years.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

The utility's rating could be upgraded if Santee Cooper demonstrates consistent rate-setting that sustains average DSCR of 1.5x and maintenance of strong adjusted liquidity above 200 days while it embarks on its significant capital spending plan.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

The utility's rating could be downgraded if it does not sustain DSCR of at least 1.2x or if adjusted liquidity falls below 150 days for a sustained period. The utility's rating could also be downgraded if political influence weighs on Santee Cooper's operations including its rate setting, if new major disputes arise with Central, or if the utility undertakes any material risks associated with any resumption of construction at the partially completed Summer nuclear plants.

PROFILE

South Carolina Public Service Authority (Santee Cooper) was created by the South Carolina State Legislature in 1934 and provides both retail and wholesale electric service directly or indirectly to approximately two million people in all 46 counties of the state. Santee Cooper also has a water system serving over 260,000 people. The utility also operates an integrated transmission system which includes lines owned by the issuer as well as those owned by Central Electric Power Cooperative Inc, Santee Cooper's largest wholesale customer.

METHODOLOGY

The principal methodology used in these ratings was US Public Power Electric Utilities with Generation Ownership Exposure published in January 2023 and available at https://ratings.moodys.com/rmc-documents/398041. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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