

Research Update:

South Carolina Public Service Authority Revenue Debt Rating Outlook Revised To Positive On Improving Financial Position

February 10, 2026

Overview

- S&P Global Ratings revised the outlook to positive from stable and affirmed its 'A-' long-term and underlying ratings on the [South Carolina Public Service Authority](#)'s (Santee Cooper, or the authority) combined utility revenue debt.
- At the same time, S&P Global Ratings assigned its 'A-' rating to Santee Cooper's \$213 million series A revenue obligation tax-exempt improvement bonds, \$106 million series B revenue obligation taxable improvement bonds, and \$145 million series 2026C revenue obligation tax-exempt refunding bonds.
- The positive outlook reflects our opinion of the authority's improving coverage and liquidity in the face of a substantial capital plan and associated debt needs. We expect the utility will sustain its improved financial position now that it has regained ratemaking flexibility following the expiration of a multiyear rate freeze.

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Rationale

Security

A net revenue pledge of the combined utility, which includes electric and water services, secures the bonds. The electric system constitutes virtually all of the pledged revenues. The authority had \$8.4 billion in debt outstanding as of Dec. 31, 2025.

We rate Santee Cooper under our wholesale criteria, reflecting the dominance of revenues from the authority's wholesale customers, which comprised 63% of preliminary fiscal 2025 operating revenues. In our analysis we consider the authority's financial and operational risks, as they relate to both Santee Cooper's direct serve retail customers (216,000) and wholesale customers (predominately Central Electric Cooperative, S.C., which serves 19 member distribution cooperatives that in turn serve more than 940,000 meters), under a coordination agreement that

extends through 2058. Therefore, we take a holistic, system-oriented approach in our rating analysis.

Credit highlights

The rating reflects our view of Santee Cooper's continued improvement in financial performance following the Dec. 31, 2024, expiration of a rate freeze; Fixed cost coverage (FCC) improved to 1.20x in 2024 from 1.13x in 2023, and again to 1.35x in 2025, based on preliminary financial results. Moreover, our calculations are based on management's forecast that suggests the authority will maintain FCC at 1.30x-1.35x through 2029.

Although coverage is projected to strengthen, we note that Santee Cooper's adopted, planned, and anticipated rate increases that could erode somewhat the authority's solid competitive position (80% of the state average in 2024) and commensurate affordability, with a 15% overall rate increased implemented in 2025 followed by 6.4% and 6.7% increases in 2026 and 2027, respectively. These rate changes include a rider to recover \$550 million of costs applicable to settlements related to its failed V.C. Summer nuclear project (the Cook settlement), which will be levied over a 10-year period, as well as fuel increases.

The authority has entered a memorandum of understanding (MOU) with Brookfield Asset Management Ltd. regarding the cancelled V.C. Summer nuclear units 2 and 3. Under the terms, Santee Cooper would receive a \$2.7 billion cash payment as well as up to a 25% ownership share in the plant's output, with no additional investment required from Santee Cooper. Brookfield is currently analyzing the feasibility of the project as per the MOU. Accordingly, the authority has not incorporated any of the potential financial nor operational benefits this transaction would provide, which we view as prudent. However, we also recognize that the successful execution of this transaction would translate into reduced rate pressure and/or improved financial metrics for the authority.

The rating on Santee Cooper further reflects our opinion of the following factors:

- The deep and diverse service area and customer base spans much of South Carolina; the authority serves about 1.15 million end use customers, which provides it with both revenue certainty and economies of scale.
- The authority is projecting substantial electric demand growth, primarily fueled by data center expansions in Central's members' service areas and rapid population growth. Although data centers provide additional energy sales, they can also pose myriad risks including cost shifting, stranded investments, and grid stability challenges. To address these risks, Santee Cooper has established an experimental large load rate to shift these risks to the data centers. The authority used a risk-adjusted load forecast when planning for load additions to ensure it does not overextend its capacity additions. Nevertheless, Santee Cooper expects its electric load will increase 18% by 2030 and 32% by 2035, for which it will need to add substantial additional net generation capacity.
- Santee Cooper maintains a hedging program that, coupled with its diverse fleet of assets, insulates it from variability in fuel and energy pricing. Despite these hedges, the authority faced unbudgeted fuel and energy costs because of the ongoing extreme cold temperatures in the region, coupled with a number of unplanned generation outages. The authority estimates its total exposure to the event at about \$87 million, which we believe is manageable given its robust margins, liquidity, and automatic cost recovery mechanisms.
- To address forecast load growth, Santee Cooper's resource plan calls for the addition of over 1,700 megawatts (MW) of capacity additions between 2027 and 2033, split between natural gas

(1,400 MW) and battery storage (300 MW), translating into substantial additional capital spending over the same time frame.

- The authority had \$1.01 billion in total liquidity at fiscal year-end 2025, covering 258 days of operating expenses (cash basis). Projections indicate gradual growth to nearly 400 days by 2029. We believe these healthy levels provide sound cushion against operational or cost variability.
- Santee Cooper is a moderately leveraged utility, with debt measuring 79% of total capitalization. We expect this ratio will remain steady despite the planned issuance of \$4.6 billion of debt to fund the authority's \$5.9 billion 2026-2030 capital plan, largely to support transmission and resource spending.

Environmental, social, and governance

We believe Santee Cooper faces environmental transition risk given its predominately fossil-fuel fired resource mix (51% coal and 25% natural gas in 2025). The authority's integrated resource plan (IRP) indicates these resources will essentially flip by 2040 (55% natural gas and 25% coal) as it retires coal units but adds gas plants; this represents a meaningful departure from its previous IRP, which showed a 37% gas and 23% coal reliance by 2040. Although the carbon intensity of natural gas is meaningfully less than that coal, the authority's forecast 81% reliance on fossil fuel resources in 2040 exposes the utility to potential future cost exposures related to energy supply decarbonization.

In our view, social capital factors are credit negative following the sizable recent and forecast rate adjustments, in turn potentially pressuring rate affordability for its customers. In addition, because of the high unpredictability of federal policy--along with the economy's stressors and the associated financial pressures consumers are facing--we are monitoring the strength and stability of electric utilities' revenue streams for evidence of delinquent payments or other revenue erosion. (see "[Economic Outlook U.S. Q1 2026: Steady As She Goes But On A Narrow Path](#)," Nov. 24, 2025.)

We believe that governance factors are moderately credit negative compared with those of peers, given the constraint of needing to jointly conduct resource planning with Central, with such plans subject to public service commission approval. However, Central will begin supplying a portion of its own resources starting in 2029, which mitigates the planning challenges.

Outlook

The positive outlook reflects our view that we could raise the rating over the next two years if the authority is able to achieve financial performance in line with forecast levels on both a cash and accrual basis, while addressing cost pressures and associated debt needs related to its sizable capital plan and mitigating the risks associated with its substantial forecast load growth.

Downside scenario

We could revise the rating to stable if financial metrics fall short of projected levels, which could occur if the authority faces unbudgeted capital costs or if debt and resource additions are misaligned with realized energy growth. We could also lower the rating if we believe the quality of the cash flows from Central has deteriorated.

Upside scenario

All else being equal, we could raise the rating if the authority is able to sustainably achieve financial metrics that are materially consistent with projected levels. In our view, this would mean achieving and sustaining FCC in the 1.3x-1.4x range, maintaining robust liquidity, and mitigating upward pressure on debt to capitalization--all while executing capital plans and maintaining rate affordability and competitive positioning.

Ratings List		
New Issue Ratings		
US\$106.000 mil rev obligs 2026 taxable imp ser B due 12/1/2056		
Long Term Rating	A-/Positive	
US\$145.00 mil rev obligs 2026 tax-exempt rfdg ser 2026 C due 12/01/2038		
Long Term Rating	A-/Positive	
US\$213.00 mil rev obligs 2026 tax-exempt imp ser A due 12/01/2046		
Long Term Rating	A-/Positive	
Outlook Action		
	To	From
Public Power		
South Carolina Pub Svc Auth, SC Wholesale and Retail Electric System	A-/Positive	A-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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