

CREDIT OPINION

28 June 2023



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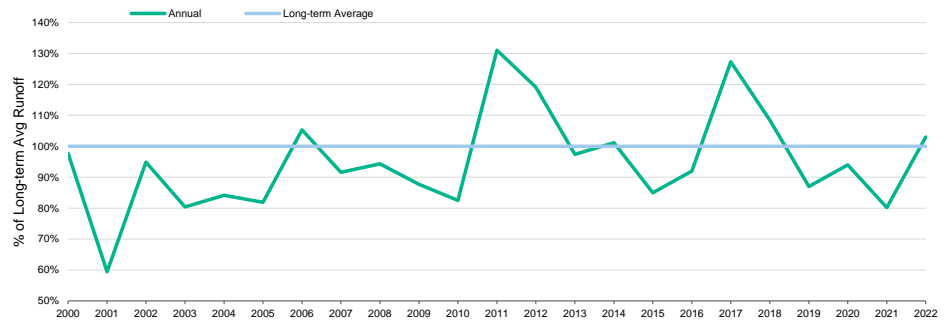
Bonneville Power Administration, OR

Credit update following upgrade to Aa1

Summary

Bonneville Power Administration's (BPA: Aa1 stable) credit profile considers its strongly positioned and expansive network of hydro and transmission assets, access to competitive power, long-term power supply contracts with customers through 2028 and credit supportive attributes as a line agency of the Government of the United States of America (Aaa stable). Borrowing ability under the US Treasury line and the ability to defer debt service payments to the US Treasury are two of the most critical support features from the US government. The credit profile also acknowledges credit challenges including hydrology and wholesale market price risk, a 'regulated utility' like rate-making process, environmental burdens, and low consolidated financial metrics relative to peers. Hydrology and wholesale market prices remain the greatest volatility drivers to BPA's financial performance (see exhibit 1 for Columbia River Runoff at The Dalles dam). The Aa1 rating on BPA supported obligations like lease financings and Energy Northwest's Project 1, Project 3, and Columbia Generating station (CGS) revenue bonds considers BPA's contractual obligation to pay including debt service and BPA's long history of meeting its contractual obligations, and BPA's Aa1 issuer rating.

Exhibit 1
Columbia River Runoff at The Dalles



Source: Moody's Investors Service, BPA

For FY 2022, BPA had an exceptional year with reserves for risk increasing by over 83% to \$1.51 billion compared to \$825 million in the prior year and net revenue increasing to \$2.18 billion, which is around 36% higher than FY2021 and around 59% higher than its 10 year net revenue. A sharp increase to power prices along with above average hydrology at around 103% of the long term average were the primary contributors to BPA unusually strong financial performance. Since BPA's reserves are well above its maximum goals, BPA has committed to utilize \$500 million of which \$350 million would be credited back to

power customers in FY 2023. Also, \$50 million will be used pay for accelerated fish and wildlife expenses and \$100 million will be used to reduce debt, fund capital spending, support liquidity or increase the probability of a reserve distribution at the end of FY2023. Unlike FY 2022, regional hydrology for FY 2023 is expected to be well below average at around 79% although power prices should remain high. According to BPA's forecast provided in May 2023, they expect reserves for risk to decline to around \$914 million at the end of FY 2023. Looking forward, we expect BPA's reserves for risk to remain around this amount given its proposed 2024-2025 rates that reflects BPA's cost recovery approach and will be finalized before the start of the FY 2024 period on October 1, 2023.

BPA's credit profile is supported by the \$10 billion increase to BPA's borrowing line with the US Treasury, BPA's updated financial plans that incorporates a reducing leverage until its debt to asset ratio is no more than 60% by 2040 (82% at FY2022), and the passage of the Fiscal Responsibility Act of 2023 (FRA) on June 3 that suspends the US debt limit until 1 January 2025. On the former, the increase to the US Treasury line is allocated over time with the first \$6 billion available through FY 2027 and the full \$10 billion thereafter and these amounts are a substantial increase from the Moody's adjusted \$1.7 billion available to BPA in FY2020. On the latter, a failure to address the debt limit by the Government of the United States of America (US: Aaa stable) could have had material consequences for BPA such as limiting its ability to borrow under the US Treasury line or limiting its ability to make cash payments since the Bonneville Fund is held by the US Treasury. BPA's credit quality also considers efforts by BPA to strengthen its standalone credit profile by establishing and executing on various financial policies including a gradual reduction to overall leverage.

Credit strengths

- » U.S. government support through US Treasury borrowing line and federal debt service deferral ability
- » Regional importance as indirect power provider for 14 million people
- » Access to 22 GW of low cost, federally owned hydro system
- » Dominant electric transmission provider in the Pacific Northwest
- » Competitive rates
- » Power sales contracts with creditworthy public power entities through September 2028
- » Low carbon transition risk

Credit challenges

- » 'Regulated utility' like rate-making process
- » Significant exposure to hydrology risk and wholesale power markets
- » Weak financial metrics for the rating category
- » Weakening of federal debt subordination via ENW debt extensions
- » Significant fish and wildlife environmental costs

Rating outlook

BPA's stable outlook considers BPA credit supportive financial policies including deleveraging over time and expectations of substantial availability under the US Treasury line. The outlook on Project 1, CGS, and Project 3 reflects the stable outlook on BPA.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Factors that could lead to an upgrade

- » BPA's rating could be upgraded if BPA significantly improves its financial policies leading to sustained consolidated DSCR above 1.50x, internal liquidity in excess of 250 days cash on hand, and minimum net borrowing capacity under the US Treasury line in excess of \$6 billion.
- » The rating on BPA supported bonds could be upgraded if BPA is upgraded.

Factors that could lead to a downgrade

- » BPA's rating could be downgraded if its financial policies are weakened or if its availability under the US Treasury line is severely diminished.
- » The ratings on BPA supported bonds could be downgraded if BPA is downgraded or if the underlying contractual arrangement is violated.

Key indicators

Exhibit 2

	2018	2019	2020	2021	2022
Total Sales (000s MWh)	84,070	83,316	89,702	84,683	97,665
Debt Outstanding (\$ millions)	15,032	14,468	14,513	14,615	14,690
US Treasury Line Borrowing Availability (adjusted for deferred borrowing) (\$ millions)	1,831	1,836	1,676	1,792	7,875
Adjusted Debt ratio (%)	87.1%	84.0%	83.3%	82.1%	80.1%
Total Days Cash on Hand (days)	89	73	118	125	216
Total Debt Service Coverage Ratio	1.24	0.90	1.30	1.21	1.41
Non Federal Debt Service Coverage Ratio	3.99	3.48	3.20	4.77	5.04

Source: Moody's Investors Service, BPA

Profile

BPA was created in 1937 by an act of the US Congress and is one of four regional power marketing administrations within the US Department of Energy. BPA is primarily responsible for 22 GW of federally owned hydro generation and 15,000 miles of electric transmission assets in the US Pacific Northwest spanning all or parts of eight states. The US Army Corps of Engineers and the Bureau of Reclamation own and operate the hydro projects. BPA's obligations are not backed by the full faith and credit of the US government and its cash payments are limited to funds available in the Bonneville Fund.

Detailed credit considerations

Revenue Generating Base

Major Power and Transmission Provider to the Pacific Northwest

BPA derives its revenue from the sale of power and transmission services from its dominant hydroelectric generation and electric transmission assets in the Pacific Northwest. BPA owns a large majority of the Pacific Northwest's bulk electric transmission consisting of 15,000 miles of high voltage transmission lines and 259 substations and other facilities located in BPA's service area. Also, BPA represents around 28% of the total regional power supply and BPA's sources of power consists of 22 GW of mostly federally owned hydro plants, the 1.2 GW Columbia Generating Station (CGS) nuclear plant, and market and contract purchases. The federal hydro projects also serve numerous purposes, including irrigation, navigation, recreation, municipal and industrial water supply, and fish and wildlife protection.

Power sales represent the largest portion at typically 70% of total revenue and the majority of these sales are made under long-term power sales contracts (Preference Contracts) maturing in September 2028 with 133 municipally owned utilities, cooperatively owned utilities, and federal agencies. Sales to these customers totaled approximately \$2.1 billion in FY2022 and represent BPA's largest revenue segment between 55% to 60% of total revenue in a typical year (see Exhibit 3 for major customers). Power rates charged by BPA are competitive on a national basis and BPA's average tier 1 rate for the FY 2022-2023 period is around \$34.93/MWh. State level decarbonization requirements such as Washington State's requirement that all retail electricity sales be met by zero carbon power source by 2045 further enhances the attractiveness of BPA's power services.

Exhibit 3

Top 10 Customers

Power Customer Name	Type	Rating	% of Power Sales	Transmission Customer Name	Type2	Rating	% of Transmission Sales
Snohomish County P.U.D. 1, WA Electric Ent.	Preference	Aa2	7%	Puget Sound Energy, Inc.	IOU	Baa1	11%
Cowlitz County Public Utility District 1, WA	Preference	A1	4%	PacifiCorp	IOU	A3	10%
Portland General Electric Company	IOU	A3	4%	Portland General Electric Company	IOU	A3	9%
Transalta Energy Marketing (U.S.) Inc	Power Marketer	NR	4%	Powerex Corp.*	Power Marketer	NR	9%
Pacific Northwest Generating Coop	Preference	NR	4%	Seattle (City of) WA Electric Enterprise	Preference	Aa2	5%
Seattle (City of) WA Electric Enterprise	Preference	Aa2	4%	Snohomish County P.U.D. 1, WA Electric Ent.	Preference	Aa2	5%
Tacoma Power, WA	Preference	Aa3	4%	Avangrid Renewables LLC	Developer	NR	4%
California Independent System Operator Corp.	Power Marketer	A1	3%	Morgan Stanley Capital Group, Inc	Power Marketer	Aa3	3%
Clark County Public Utility District 1, WA	Preference	Aa3	3%	Clark County Public Utility District 1, WA	Preference	Aa3	2%
PacifiCorp	IOU	A3	3%	Umatilla Electric Cooperative	Preference	N/A	2%
Total			40%	Total			60%

*Subsidiary of British Columbia Hydro & Power Authority (Aaa)

Source: Moody's Investors Service, BPA

After power services, transmission services is BPA's next largest revenue contributor at over 25% of total revenue in a typical year and represents a stable, low risk business.

'Regulated Utility' Like Rate Making Process Could Delay Timely Recovery

Unlike a traditional public power utility, BPA's rate-making procedure for power and transmission rates charged to its customers involves an extensive, two-year process that shares similarities with a rate regulated utility that often create complications and delays in timely and full recovery of BPA's costs. The Northwest Power Act contains specific rate-making procedures for BPA, mandates justification and reasons in support of such rates, and requires a hearing. The BPA Administrator ultimately decides the power and transmission rates based on the hearing record including all information submitted. Rates established by BPA are subject to approval by FERC. In a stress situation, BPA could file an expedited rate with FERC and the whole process could take several months for an interim rate approval. We see BPA's rate-setting process as materially weaker than peers such as Tennessee Valley Authority (Aaa stable) that have unfettered, self-regulated rate-setting. On December 2, 2022, BPA proposed its FY 2024-2025 rates which proposes less than 1% decrease to the average Tier 1 power and no change to the transmission rate.

Notwithstanding the 'regulated utility' like rate-making process that BPA operates under, we recognize that BPA has raised rates in difficult situations. Additionally, under its financial reserves policy, BPA can implement a financial reserves surcharge up to \$40 million per year if reserves for risk at either line of business drops below the minimum 60 days cash on hand target. A larger surcharge is allowed if necessary to ensure BPA's achieves its 95% treasury payment probability or if financial reserves for risk drop below zero subject to a maximum of an annual limit of \$300 million for the power business and \$100 million for transmission. While these provisions adds some flexibility within BPA's two-year rate periods, the annual basis of the test and the low trigger points limit the benefit.

Regional Hydrology and Wholesale Price Risk Are BPA's Biggest Volatility Drivers

BPA's financial results can be materially impacted by hydrology in the Columbia River Basin and wholesale power prices since market based power sales can represent roughly 10-15% of total revenue. In the worst case, BPA could be required to purchase high priced power if hydro generation is low and electricity demand is robust similar to the 2000/2001 energy crisis. Hydrology has been very volatile with the high and low since 2001 being around 130% and 60%, respectively, of the long-term average. Similarly, power prices have generally been volatile subject to natural prices and demand. These factors, which are outside of BPA's control, have contributed heavily to periods of underperformance and represent BPA's biggest driver of cash flow volatility since power sales under long-term contracts and transmission sales are much more stable and predictable. The volatility of wholesale revenue emphasizes the importance of maintaining significant liquidity. For FY2022, BPA had an exceptional year with reserves for risk increasing by over 83% to \$1.51 billion compared to \$825 million in the prior year and net revenue increasing to \$2.18 billion, which is around 36% higher than FY2021 and around 59% higher than its 10 year net revenues. A sharp increase to power prices as well as above average hydrology at around 103% of the long term average were the primary contributors to BPA unusually strong financial performance

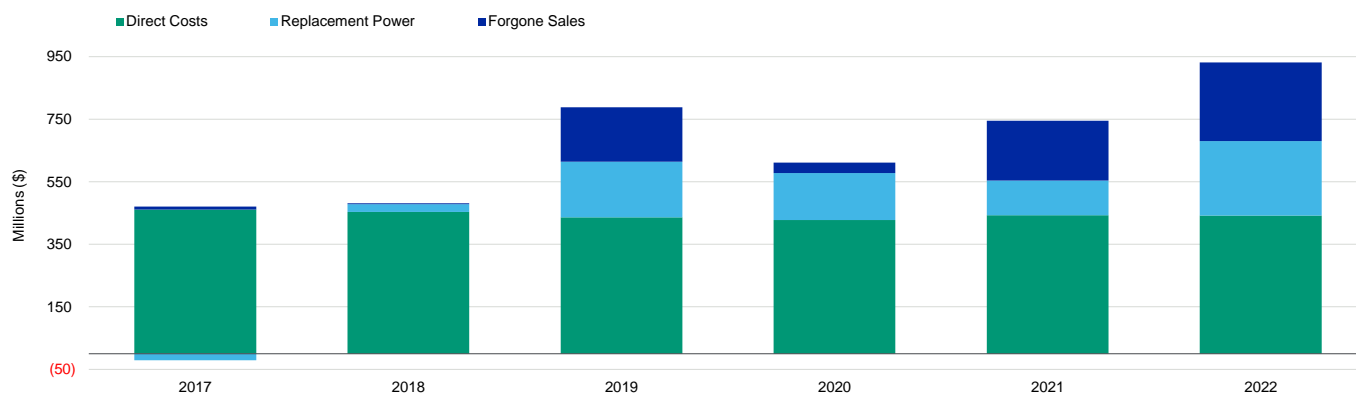
Operational and Financial Performance

Environmental Costs Are Material

BPA faces conflicting uses of the Columbia River and environmental regulations, such as the Endangered Species Act (ESA), that contributes significantly to BPA's costs and weighs heavily on BPA's cash flow. Biological opinions prepared by National Oceanic and Atmospheric Administration Fisheries Service and the US Fish and Wildlife Service mandate actions to protect fish species resulting in direct costs such as hatcheries and indirect loss of revenue from hydro dam operational changes. For FY2022, BPA estimates total direct fish and wildlife costs at approximately \$442 million, and since 2017, BPA has been able to stem the long term trend of increasing direct costs. That said, below average hydrology and new spill requirements have driven up indirect costs like replacement power purchases for FY 2019 through FY 2022 (see exhibit 4). Looking forward, BPA will face upward pressure on costs which BPA will have to manage in their broader strategic goal of keeping cost growth within inflation.

Exhibit 4

Direct and indirect fish and wildlife mitigation costs



Source: BPA

While BPA's fish and wildlife mitigation costs are considerable, BPA's federally and non-federally owned generation are emissions free since they consist of hydro and nuclear generation. As such, BPA remains insulated from possible new federal regulations including those for greenhouse gases and BPA indirectly benefits from state mandates for carbon free emissions power.

Financial Metrics Are Modest for the Rating

On a fully consolidated basis including federal debt, BPA's historical financial metrics typically range from the A to Baa category scoring under our methodology. Total DSCR has averaged around 1.3x over the last three years while BPA's 3-year average debt ratio is high at of 82%, which is within the 75% to 85% range target through 2028 under BPA's strategic plan. Both the DSCR and debt ratio score at the 'Baa' category for those these two ratios. BPA generally sets rates to achieve around 1.0x DSCR based on its cost recovery rate-

setting regime although realized financial metrics can diverge depending on regional hydrology and market price conditions in addition to debt management programs such as the Regional Cooperation Debt program that deferred payments owed to Energy Northwest for CGS, Project 1, and Project 3 for several years. For FY2022, BPA's DSCR was 1.41x based on strong market prices and above average hydrology.

Separately, non-federal DSCR has typically ranged in the 3.0x to 4.0x range and for FY2022, non-federal DSCR was around 5x given stronger financial performance compared to the prior year. Extension of principal payments for CGS, Project 1, and Project 3 results in non-federal DSCR being a mostly interest only coverage ratio.

Over the longer term, BPA's rates are generally set at around 1.0x total DSCR on a forecasted basis and given the subordination of federal debt service, we expect ample coverage for non-federal debt service. However, actual performance can deviate especially if hydrology and market prices are different both positively or negatively from expectations.

LIQUIDITY

For FY2022, BPA had reserves for risk, a measure of liquidity, totaling \$1.5 billion (216 days cash on hand) compared to \$825 million (125 days cash on hand) the prior year, which is commensurate with a 'Aa' category given its strongest financial performance in over 20 years. Since BPA's reserves are well above its maximum goals, BPA has committed to utilize \$500 million of which \$350 million would be credited back to power customers in FY2023. Also, \$50 million will be used pay for accelerated fish and wildlife expenses, and \$100 million will be used to reduce debt, fund capital spending, support liquidity or increase the probability of a reserve distribution at the end of FY2023. Unlike FY2022, regional hydrology for FY2023 is expected to be well below average at around 79% although power prices are anticipated to remain high. According to BPA forecast provided in May 2023, they expect reserves for risk to decline to around \$914 million at the end of FY2023

Supplementing BPA's liquidity is availability under the US Treasury line. As of September 30, 2022, Moody's adjusted availability was \$7.88 billion (\$8 billion gross). Moody's adjusts BPA's reported availability to net out the portion classified as "deferred borrowings" since this portion is also included in the reserves for risk figure. Most of the borrowing line's availability can be borrowed for capital expenditures while up to \$750 million can be used to fund operating expenses. The \$750 million sub-limit is renewed on an ongoing basis and any draw needs to be repaid within one year subject to further one year extension. Under the Infrastructure Investment and Jobs Act of 2021 passed in November 2021, BPA received an aggregate \$10 billion increase to its borrowing authority with the US Treasury on top of its existing \$7.7 billion borrowing line leading to an aggregate of \$17.7 billion (\$5.68 billion outstanding as of FY 2022). Effectively, the \$10 billion increase is allocated over time with the first \$6 billion available through FY 2027 and the full \$10 billion thereafter. Since BPA cannot issue direct external debt, the borrowing line serves as an important source of long-term capital for BPA to fund ongoing capital spending for both its power and transmission systems. The \$750 million sub-limit within the borrowing line that is available for ordinary expenses such as operating expenses (if needed) has not changed.

Debt and Other Liabilities

DEBT STRUCTURE

Since BPA is not allowed to issue direct external debt, BPA's \$14.7 billion of debt obligations consists of \$7.4 billion of non-federal debt created via operating contracts and \$7.3 billion of federal debt, which is debt owed by BPA to the federal government. BPA's rated, non-federal debt benefit from the pledges described below:

- » **Net-billed debt:** Energy Northwest's Project 1, Project 3 and Columbia Generating Station's debt benefit from project specific net billing agreements. Under these tri-party agreements, BPA is ultimately responsible to pay for an applicable project's costs including debt service irrespective of whether the project is operable or operating.
- » **Transmission facilities debt:** The Port of Morrow, Idaho Energy Resources Authority, and Northwest Infrastructure Financing Corp serve as conduit issuers for transmission facilities revenue bonds secured by bond specific leasing agreements that obligate BPA to make unconditional lease payments directly to the bond trustee. The lease payments have been sized to include debt service and are due irrespective of whether the leased assets are operable or operating.

- » **Power purchase agreement (PPA) debt:** The Cowlitz Falls hydroelectric project revenue bonds issued by Lewis County Public Utility District 1, WA are backed by a PPA that obligates BPA to pay for all costs including debt service irrespective of whether the project is operable or operating. BPA directly pays the bond trustee for the debt service portion of total costs.

Since these obligations are treated as an operational expense of BPA, they have a priority over BPA's direct debt obligation to the US Treasury and BPA can defer payments to the US Treasury, if necessary. This deferral ability provides BPA a major source of financial flexibility under extreme situations although BPA has not deferred such payments since 1983 and any deferral could lead to significant negative political ramifications. The significantly higher non-federal DSCR previously described above also highlights the substantial benefits of the federal debt's effective subordination to non-federal debt.

BPA's 1st regional cooperation debt program that ended in 2020 undermined the benefits of the federal debt's subordination, since the program resulted in a substantial extension of non-federal debt in exchange for the accelerated repayment of higher cost, federal appropriations debt totaling a net \$2.7 billion. Starting in 2021, BPA's implemented a 2nd regional cooperation debt program that continues to extend the ENW debt to pay off higher cost borrowings with the US Treasury.

DEBT-RELATED DERIVATIVES

BPA indirectly has interest rate derivative like exposure mostly tied to its lease financed transmission assets. We understand there are no collateral posting requirements under any conditions for these derivatives.

PENSIONS AND OPEB

BPA employees are part of the US government's post-retirement benefit programs for all federal civil employees. The post-retirement benefits are overseen by the United States Office of Personnel Management (OPM), an independent agency that manages the civil service of the federal government. As such, BPA does not record any accumulated plan assets or liabilities related to the administration of a retirement plan.

Management and Governance

US Government Support is a Major Strength

While BPA's obligations do not benefit from the full faith and credit of the United States Government, BPA benefits from significant explicit and implicit support elements from the US Government. The key support elements consist of BPA's borrowing line with the US Treasury and ability to defer payments to the US Treasury. The recent \$10 billion increase to the US Treasury line is a significant credit positive and more closely links BPA to the US government.

A strong qualitative consideration for implicit support include BPA's role as a line agency of the US Department of Energy. As a line agency of the US DOE, the BPA Administrator reports to the US Secretary of Energy and BPA has numerous linkages with other federal agencies. For example, the US Army Corp of Engineers and the US Bureau of Reclamation own and operate the federal dams while BPA markets the power output and pays for all of the associated operating and capital costs. Furthermore, tort claims for property damage, personal injury or death or claims against the United States and successful claims are paid out from the federal Judgement Fund. On this aspect, we understand approximately 2,000 wildfire related claims totaling an estimated \$2 billion have been made tied to BPA's transmission lines. Any payments on these claims will be paid according to the process described above. We understand BPA does not need to reimburse the federal government for these payments.

Importance to the US Northwest region is another key qualitative factor. BPA is responsible for certain treaty responsibilities with Canada regarding the federally owned dams, significant regional environmental protection programs, and the coordination of river operations. Northwest US representation on key US House and Senate committees that deal with energy legislation is a credit strength.

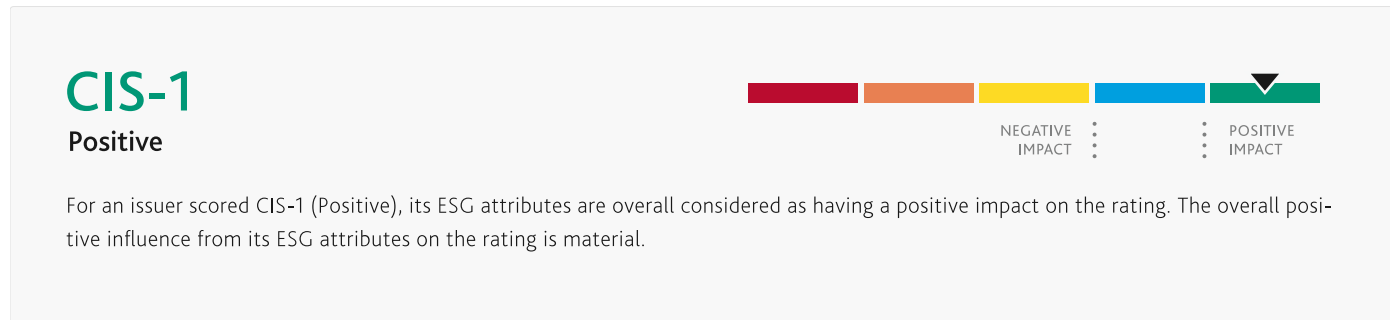
Overall, we see these explicit and implicit US support as providing a multi-notch lift to BPA's standalone credit quality and represent key considerations for BPA's credit quality. In a major stress scenario, Moody's expects any US Government support to BPA is likely to be provided through the established US Treasury credit line or deferral of payments to the US Treasury.

ESG considerations

Bonneville Power Administration, OR's ESG Credit Impact Score is Positive CIS-1

Exhibit 5

ESG Credit Impact Score



Source: Moody's Investors Service

Bonneville Power Administration's (BPA) ESG Credit Impact Score is positive (**CIS-1**). Its ESG attributes are considered to have a positive impact on the current rating. BPA's **CIS-1** reflects moderate environmental risks, moderate social risks, and positive exposure to governance risks.

Exhibit 6

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

BPA's moderate environmental risk (**E-3** issuer profile score) largely reflects highly negative exposure to physical climate risks mostly in the form of volatile weather patterns and moderately negative exposure to water management that both stem from the inherent risks to relying on 22 GW of hydroelectric power plants for around 85% of its power supplies and whose power output is subject to regional hydrology conditions. Additionally, the issuer has moderately negative exposure to natural capital because of substantial fish and wildfire protection obligations and moderately negative exposure to waste and pollution from BPA's obligation to pay for all of the costs of Energy Northwest's CGS nuclear plant. Nuclear power plants in the US store spent nuclear fuel on-site and have the responsibility of decommissioning. These negative considerations are partially offset by positive carbon transition exposure since the company has around 95% of its power supplies coming from carbon emissions free resources.

Social

BPA's exposure to social risks is moderately negative (**S-3**) which considers the moderate risk of responsible production caused by BPA's aforementioned obligation to pay for all of the costs for Energy Northwest's CGS nuclear plant and the potential for nuclear accidents. This risk is balanced by neutral-to-low risk for customer relations, human capital, demographic & societal trends, and health & safety.

Governance

The influence of governance risk (**G-1**) is positive which reflects a positive financial strategy and risk management given BPA's borrowing line with the US Treasury and its ability to defer payments on debt owed to the US government. This positive is balanced

by neutral-to-low risk scores for management credibility & track record, organizational structure, and compliance & reporting. Furthermore, board structures and policies is moderately negative given full government control.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Methodology

Moody's evaluates BPA's issuer rating under the US Public Power Electric Utilities with Generation Ownership Exposure methodology, and the scorecard indicated outcome is Aa1, which is the same as the Aa1 assigned rating.

Moody's also evaluates CGS, Project 1, and Project 3 under the US Municipal Joint Action Agencies methodology. The Aa1 rating assigned to all three projects reflects BPA's contractual obligation to pay including debt service under the project's net billing agreements, BPA's long history of meeting its contractual obligations, and BPA's Aa1 issuer rating.

Exhibit 7

BPA Methodology Scorecard

Factor	Subfactor	Score	Metric
1. Cost Recovery Framework Within Service Territory		Aa	
2. Willingness and Ability to Recover Costs with Sound Financial Metrics		A	
3. Generation and Power Procurement Risk Exposure		Aa	
4. Competitiveness	Rate Competitiveness	Aaa	
5. Financial Strength and Liquidity	a) Adjusted days liquidity on hand (3-year avg) (days)	Aa	153
	b) Debt ratio (3-year avg) (%)	Baa	82%
	c) Adjusted Debt Service Coverage or Fixed Obligation Charge Coverage (3-year avg) (x)	Baa	1.3x
Preliminary Grid Indicated Outcome from Grid factors 1-5		A1	
		Notch	
6. Operational Considerations		1.0	
7. Debt Structure and Reserves		2.0	
8. Revenue Stability and Diversity		0.0	
Grid Indicated Outcome:		Aa1	

Source: Moody's Investors Service

Exhibit 8

ENW CGS Methodology Scorecard

Factor	Subfactor/Description	Score
1. Participant Credit Quality and Cost Recovery Framework	a) Participant credit quality. Cost recovery structure and governance	Aa1
2. Asset Quality	a) Asset diversity, complexity and history	Baa
3. Liquidity	a) Adjusted days liquidity on hand (3-year avg) (days)	Baa
4. Financial Strength and Liquidity	a) Adjusted Debt Ratio (3-year avg) (%)	Ba
	b) Fixed obligation charge coverage ratio (3-year avg) (x)	Baa
Notching Factors		Notch
	1 - Competitiveness	0
	2 - Contractual Structure and Legal Environment	0
	3- Participant Diversity and Concentration	0
	4 - Construction Risk	0
	5 - Financing Structure	0
	6 - Unmitigated Exposure to Wholesale Power Markets	0
Scorecard Indicated Outcome:		Aa2

Source: Moody's Investors Service

Exhibit 9

ENW Project 1 and 3's Methodology Scorecard

Factor	Subfactor/Description	Score
1. Participant Credit Quality and Cost Recovery Framework	a) Participant credit quality. Cost recovery structure and governance	Aa1
2. Asset Quality	a) Asset diversity, complexity and history	Ca
3. Liquidity	a) Adjusted days liquidity on hand (3-year avg) (days)	Baa
4. Financial Strength and Liquidity	a) Adjusted Debt Ratio (3-year avg) (%)	Ca
	b) Fixed obligation charge coverage ratio (3-year avg) (x)	Baa
Notching Factors		Notch
	1 - Competitiveness	-1
	2 - Contractual Structure and Legal Environment	0
	3- Participant Diversity and Concentration	0
	4 - Construction Risk	0
	5 - Financing Structure	0
	6 - Unmitigated Exposure to Wholesale Power Markets	0
Scorecard Indicated Outcome:		Baa1

Source: Moody's Investors Service

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