

Credit Ratings

HIGHLIGHTS

- The industry’s average parent company credit rating remained at BBB+ in 2025, a level it has held since 2014. There were only 36 total actions, 26 upgrades and 10 downgrades, affecting both parents and subsidiaries; 2025 was the second-slowest year for ratings activity since our dataset’s inception in 2000.
- Four parent-level upgrades versus two downgrades caused a slight improvement in aggregate holding company credit quality.
- Upgrades in 2025 cited a variety of drivers including reduced wildfire risk, lower financial leverage, improved financial performance, supportive state regulation, and improved risk management.
- Downgrades were linked to catastrophic wildfire risk, political pressures related to offshore wind development, inconsistent regulatory decisions in one state, and credit metrics broadly affected by higher capital expenditures.

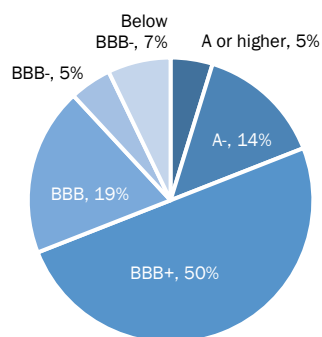
COMMENTARY

The industry’s average parent company credit rating in 2025 remained at BBB+ for the twelfth straight year. Four parent-level upgrades versus two downgrades caused a slight improvement in aggregate holding company credit quality. There were only 36 total actions, 26 upgrades and 10 downgrades, affecting both parents and subsidiaries. This compares to 46 total actions, 25 upgrades and 21 downgrades, in 2024.

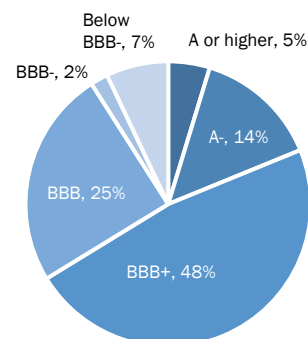
On December 31, 2025, 85.7% of parent company rating outlooks were “stable”, and 9.5% were “positive” or “watch-positive”. Only 4.8% of outlooks were “negative” or

I. S&P Utility Credit Ratings Distribution

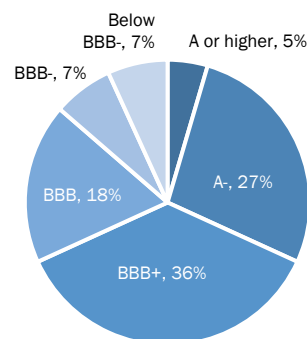
U.S. Investor-Owned Electric Utilities (parent level only)



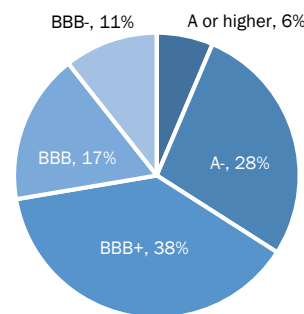
At 12/31/2025



At 12/31/2024



At 12/31/2020

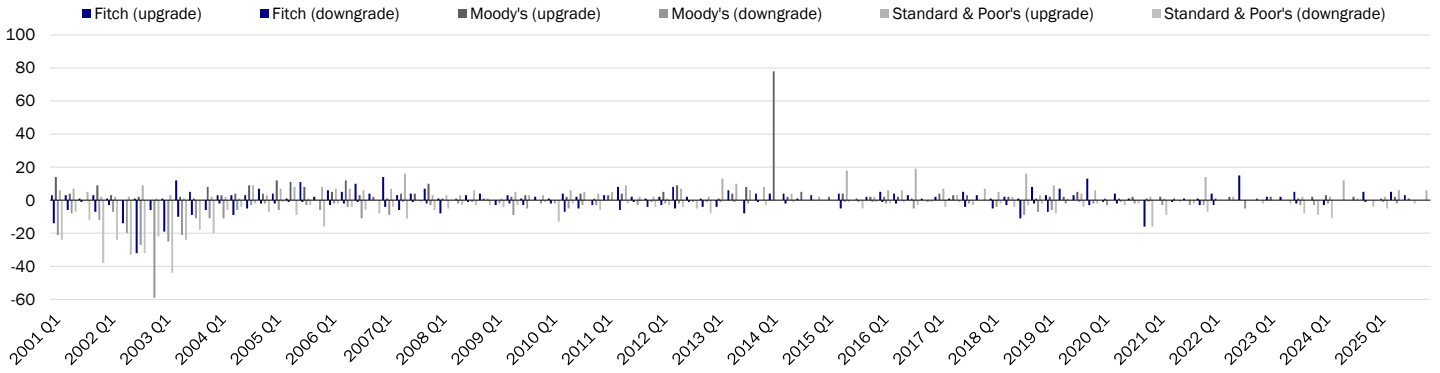


At 12/31/2018

Note: Rating applies to utility holding company entity.
Source: Standard & Poor’s, S&P Global Market Intelligence, and EEI Finance Dept.

II. Credit Rating Agency Upgrades and Downgrades

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)



	2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fitch (upgrade)	0	0	1	1	4	0	15	0	2	2	5	0	0	0	0	5	0	5	3	0
Fitch (downgrade)	0	-1	0	-3	-3	0	0	0	0	0	-2	0	-3	0	0	-1	0	0	0	0
Moody's (upgrade)	2	1	0	0	1	2	0	1	2	0	1	2	3	0	2	0	1	2	1	0
Moody's (downgrade)	-3	0	-3	-3	0	0	-5	0	0	0	-3	-3	-2	0	0	0	-1	-2	0	0
S&P (upgrade)	1	0	0	14	0	2	0	0	0	0	2	0	2	12	1	0	2	6	0	6
S&P (downgrade)	-9	-1	-2	-7	0	0	0	-2	0	-2	-8	-9	-11	0	0	-4	-5	0	-2	0

Note: Chart depicts the number of upgrades / downgrades for all rated companies, including subsidiaries, during the quarter.
 Source: S&P Global Market Intelligence and EEI Finance Dept.

III. Total Ratings Actions

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)

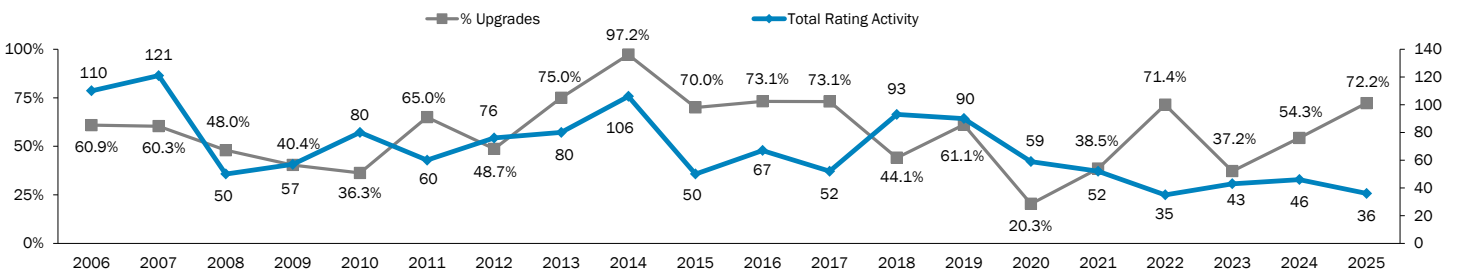
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fitch	31	41	17	14	24	25	26	23	14	11	16	15	33	36	24	6	22	11	9	8
Moody's	39	32	6	23	20	11	20	17	85	12	13	12	23	20	12	12	9	11	7	7
S&P	40	48	27	20	36	24	30	40	7	27	38	25	37	34	23	34	4	21	30	21
Total	110	121	50	57	80	60	76	80	106	50	67	52	93	90	59	52	35	43	46	36

Source: S&P Global Market Intelligence and EEI Finance Dept.

IV. Direction of Ratings Actions

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Upgrades	67	73	24	23	29	39	37	60	103	35	49	38	41	55	12	20	25	16	25	26
Downgrades	43	48	26	34	51	21	39	20	3	15	18	14	52	35	47	32	10	27	21	10
% Upgrades	60.9%	60.3%	48.0%	40.4%	36.3%	65.0%	48.7%	75.0%	97.2%	70.0%	73.1%	73.1%	44.1%	61.1%	20.3%	38.5%	71.4%	37.2%	54.3%	72.2%
Total Actions	110	121	50	57	80	60	76	80	106	50	67	52	93	90	59	52	35	43	46	36



Source: Fitch Ratings, Moody's, Standard & Poor's

“watch-negative”; which is a significant improvement compared to 16.0% at year-end 2024.

Electric utility industry credit quality has generally improved over the past decade. The industry’s average parent-level rating has held at BBB+ since increasing from BBB in 2014. Upgrades have outnumbered downgrades in six of the past ten calendar years, with an annual average upgrade percentage of 55% over the decade.

EI captures upgrades and downgrades at both the parent and subsidiary levels. The industry’s average credit rating and outlook are the unweighted averages of all S&P parent holding company ratings and outlooks. However, our upgrade/downgrade totals reflect all actions by the three major rating agencies directed at parent holding companies as well as individual subsidiaries.

S&P Actions at Parent Level

S&P Global’s parent-level rating actions (that determine the industry’s average rating and outlook) in 2025 included four upgrades and two downgrades.

On February 7, S&P Global Ratings upgraded Exelon Corporation (EXC) to A- from BBB+. Subsidiary PECO Energy Inc. was also upgraded to A- from BBB+. The upgrades reflected S&P expectations for consistently improving financial performance at Exelon. In 2024, Exelon’s subsidiaries received credit-supportive rate case orders in Illinois, Maryland, Washington, D.C., Delaware, and Pennsylvania. S&P also noted that several of these rate orders included multiyear rate plans.

On March 5, S&P Global Ratings downgraded Alliant Energy Corp. (LNT) to BBB+ from A-. S&P also lowered the ratings of subsidiaries Interstate Power & Light Co. (BBB+ from A-) and Wisconsin Power & Light Co. (A- from A). S&P stated that the parent company’s robust capital spending plans will lead to higher debt leverage. In 2024, Alliant Energy announced that it will increase its four-year capital spending plan by about \$1.8 billion for a total of \$10.9 billion during the 2025-2028 timeframe.

On April 17, S&P Global Ratings upgraded DPL (AES) to BB+ from BB. Subsidiary AES Ohio was upgraded to BBB- from BB. S&P stated that the sale of a 30% indirect minority interest of AES Ohio to Caisse de depot et placement du Quebec (CDPQ) for \$544 million will significantly reduce leverage. DPL will use the \$544 million of proceeds to redeem a \$415 million senior note maturity due in July 2025 and to fund general corporate purposes.

On June 27, S&P Global Ratings upgraded Hawaiian Electric Industries, Inc. (HEI) to B+ from B-. Subsidiaries Hawaiian Electric Co. (HECO), Hawaii Electric Light Co. (HELCO), and Maui Electric Co. (MECO) were also upgraded to B+ from B-. The two-notch upgrades were driven by the rising likelihood that a \$4 billion settlement between

Hawaiian Electric Industries Inc. and several third parties related to the 2023 Maui wildfire litigation would be finalized in its current form. S&P stated that the settlement would significantly reduce credit risks for HEI and its subsidiaries, as it limits HEI’s liability exposure related to the 2023 Maui wildfires at \$2 billion.

On September 17, S&P Global Ratings downgraded Edison International (EIX) to BBB- from BBB. Subsidiary Southern California Edison was also downgraded to BBB- from BBB. The downgrades were driven by a smaller-than-expected wildfire fund. California Senate Bill 254 creates a wildfire fund continuation account that provides the state’s investor-owned utilities access to an incremental \$18 billion for future wildfires. S&P believes the new fund is about 50% smaller on a net-present-value basis compared with the prior \$21 billion wildfire fund created in 2019, weakening Edison International’s credit quality.

On December 23, S&P Global Ratings upgraded FirstEnergy Corp. (FE) to BBB+ from BBB. Subsidiaries Cleveland Electric Illuminating Co. and Jersey Central Power & Light were also upgraded to BBB+ from BBB. In addition, subsidiaries Ohio Edison Co. and FirstEnergy Pennsylvania Electric Co. were upgraded one notch to A- from BBB+, and subsidiary FirstEnergy Transmission (FET) was upgraded one notch to A from A-. The upgrades were driven primarily by FirstEnergy risk management. S&P stated that following the Ohio H.B. 6 bribery scandal, FirstEnergy took significant actions to address the material weaknesses identified in its internal controls, which will lessen overall credit risk.

Ratings Activity Remained Slow

The 36 rating actions during 2025 (upgrades and downgrades) was the second-lowest total for any year since our dataset’s inception in 2000. By comparison, there were 46 actions in 2024, 43 actions in 2023, 35 actions in 2022, and an annual average of 57 over the last decade. The industry’s 26 upgrades in 2025 versus 10 downgrades produced an upgrade percentage of 72%, up from 54% in 2024. Upgrades outnumbered downgrades in six of the past ten calendar years, with an annual average upgrade percentage of 55%.

Other Upgrades in 2025

In addition to S&P’s parent-level actions, the other upgrades in 2025 (that contribute to upgrade totals) cited reduced wildfire risk and less financial leverage as key drivers for improved credit metrics.

On March 27, Moody’s upgraded PG&E Corporation (PCG) to Ba2 from Ba3. The upgrade was driven by continued improvement in mitigating wildfire risk, a stronger financial profile, and improved relationships with key stake-

holders. Moody's also noted California's wildfire legislation included continued access to the state's wildfire insurance fund and credit positive shareholder liability cap and cost recovery provisions. PG&E has made over \$20 billion of wildfire mitigation investments since its emergence from bankruptcy in 2020.

On May 28, Moody's upgraded Hawaiian Electric Industries, Inc. (HEI) to Ba3 from B1 and upgraded subsidiary Hawaiian Electric Co. (HECO) to Ba2 from Ba3. Moody's stated that the upgrades reflected the progress made in resolving litigation stemming from the August 2023 Lahaina wildfire. The proposed settlement agreement between the relevant parties would fix the company's gross liability at \$2 billion. A significant legal hurdle was cleared in February when the Hawaii Supreme Court ruled that insurers are barred from pursuing subrogation claims against HEI and other defendants if their policyholders settle.

On June 4, Fitch upgraded Hawaiian Electric Industries, Inc. (HEI) to B+ from B. Subsidiaries Hawaiian Electric Co. (HECO), Hawaii Electric Light Co. (HELCO), and Maui Electric Co. (MECO) were upgraded to BB- from B. The Fitch upgrades were also driven by the positive developments related to the Maui Lahaina wildfire settlement, including the constructive Hawaiian Supreme Court ruling and passage of HB1001, which appropriated the State of Hawaii's funding for its share of the settlement. Fitch also noted that HEI has strengthened its liquidity by selling a 90.1% stake in American Savings Bank and issuing \$558 million in equity.

On June 24, Fitch upgraded DPL (AES) to BB+ from BB. The upgrade reflected the closing of a 30% minority interest sale in AES Ohio to Caisse de dépôt et placement du Québec (CDPQ). DPL used the majority of the transaction proceeds to retire \$415 million of debt at the Holdco level. Fitch noted that the transaction also alleviated pressure on DPL and AES Corp., the ultimate parent, to provide equity to the utility to support its large capital plans.

On July 25, Moody's upgraded DPL (AES) to Ba1 from Ba2. This move also followed the completion of the sale of a 30% interest in AES Ohio to the Canadian pension fund CDPQ. Moody's stated that it expects that the credit-friendly use of the net proceeds and the debt repayment will help to further improve the company's consolidated financial ratios.

On September 23, Fitch upgraded FirstEnergy (FE) subsidiary FirstEnergy Pennsylvania Electric Co. to A- from BBB+. Fitch stated that the upgrade was driven by solid credit metrics, constructive rate design in Pennsylvania, and a credit-supportive settlement in the last rate case. Fitch views the regulatory compact in Pennsylvania favorably, as rate lag is mitigated by the use of forecast test years and riders to recover infrastructure investment, smart meter

VI. Credit Ratings Distribution

Investment Grade	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Speculative Grade	Moody's	S&P	Fitch
	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
	Ca	CC	CC
	C	C	C
Default	Moody's	S&P	Fitch
	C	D	D

costs, storm-related costs, and purchased power for default service.

On September 26, Fitch upgraded PG&E Corporation (PCG) to BBB- from BB+ and upgraded its subsidiary Pacific Gas and Electric to BBB- from BB+. Fitch noted that the upgrade primarily reflected progress by the company in combating wildfire risk and the enactment of California's Senate Bill (SB) 254, which provides an incremental \$18 billion of liquidity beyond the \$21 billion AB 1054 wildfire fund created in 2019.

Other Downgrades in 2025

In addition to S&P's parent-level downgrades, the other downgrades in 2025 were linked to catastrophic wildfire risk, political pressures related to offshore wind development, inconsistent regulatory decisions in one particular In

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On January 9, S&P Global downgraded Sempra (SRE) subsidiary Southern California Gas Co. to A- from A. The downgrade reflected S&P's expectations that the company's financial measures will remain consistently below the downgrade threshold of FFO to debt of 20%. After incorporating a recent SoCalGas rate case order, S&P expects stand-alone FFO to debt to be 17%-19% through 2027.

On February 19, S&P Global downgraded Xcel Energy (XEL) subsidiary Public Service Co. of Colorado (PSCo) to BBB+ from A-. S&P stated that the one-notch downgrade was driven by increasing exposure to catastrophic wildfires due to climate change. Since the 2021 Marshall fire, PSCo has implemented mitigation tactics to proactively reduce its risk of causing a catastrophic wildfire. It has also filed wildfire mitigation plans with the Colorado PUC and is increasing its capital spending on more advanced mitigation technologies.

On March 27, Moody's downgraded American Electric

Power (AEP) subsidiary AEP Texas Inc. to Baa3 from Baa2. Moody's cited higher capital expenditures that, in combination with a relatively low allowed equity layer, will need to be funded primarily with debt. The allowed equity layer for AEP Texas remains low compared to peers at 42.5%. Moody's expects a significant growth in debt at AEP Texas to fund a \$9.3 billion total capital expenditure program from 2025-2029.

On May 2, Moody's downgraded Dominion Energy (D) subsidiary Virginia Electric and Power Company (VEPCO) to A3 from A2. Moody's said the downgrade was driven primarily by an increasingly unpredictable political environment and other factors outside of management's control that could disrupt the execution of its \$10.8 billion Coastal Virginia Offshore Wind (CVOW) construction project.

On June 24, Moody's downgraded Eversource Energy (ES) subsidiary Connecticut Light and Power Company (CL&P) to Baa1 from A3. Moody's stated that the downgrade of the company reflected a Connecticut regulatory jurisdiction that is currently "the least credit supportive utility regulatory environment in the US". Moody's noted that inconsistent regulatory decisions and rate case outcomes in Connecticut have negatively affected CL&P's financial metrics. ■