

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Seattle, WA Electric Enterprise's revenue bonds, Series 2026A; outlook stable

09 Jun 2026

New York, June 09, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the City of Seattle, WA Electric Enterprise's (Seattle City Light, or SCL) \$154 million Municipal Light and Power Improvement and Refunding Revenue Bonds, Series 2026A. Concurrently, we have affirmed the Aa2 ratings on the enterprise's approximately \$2.76 billion in outstanding parity lien revenue bonds, not including SCL's 2023B variable rate demand bonds. The outlook is stable.

RATINGS RATIONALE

The Aa2 rating is supported by the utility's economically diverse, stable and wealthy service area that includes the City of Seattle (Aaa stable) and surrounding communities. Despite some large customers within SCL's service territory, the enterprise is not materially exposed to customer concentration, with the ten largest customers generating 14.2% of revenue. Additionally, many of those customers have strong underlying credit quality, including the University of Washington (Aa1 stable), Amazon.com Inc. (A1 stable) and King County (Aaa stable).

Although the utility's rates are marginally more expensive than several nearby load serving entities, SCL benefits from a service territory monopoly and has a demonstrated willingness to raise rates, including a 5.4% increase for 2026, as well as rate stabilization account surcharges. Financial performance has been strong, with 2025 Moody's adjusted debt service coverage ratio (DSCR) of 1.8x and 217 days cash on hand (DCOH). SCL also benefits from its participation in the city's consolidated money pool, which SCL has borrowed from in the past.

SCL's ownership of low-cost and carbon-free hydro generation and longer-term power supply contract with Bonneville Power Administration are generally supportive of the electric enterprise's rating, though it is exposed to hydrological risks. To mitigate some of this risk while improving market efficiency and reliability, SCL is actively engaged in regional power markets, including the California ISO's Western Energy Imbalance Market and Western Resource Adequacy Program, and is a stakeholder in CAISO's extended day ahead market and Southwest Power Pool's Markets+.

Financial leverage for the electric enterprise is moderate, with an adjusted debt ratio of 55% at the end of 2025. SCL's proposed capital improvement program through 2031 is fairly sizeable at \$2.8 billion (inclusive of 2026), approximately 54% of which it expects to finance with debt, with the remainder to be financed from operating cash flow.

RATING OUTLOOK

The outlook is stable, reflective of a strong local economy and expectations that the utility will continue to maintain liquidity above 130 DCOH and adjusted DSCR above 1.5x.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained DCOH above 200 and adjusted DSCR above 2x

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained decline in internal liquidity below 90 DCOH or adjusted DSCR below 1.5x
- Material weakening of SCL's financial policies
- Severe and sustained deterioration in the underlying service territory economy

PROFILE

Seattle City Light is a department of the City of Seattle, which operates a utility system that primarily generates and delivers electricity to approximately 525,000 customer accounts in the City of Seattle and several surrounding communities under franchise agreements. SCL's service area is comprised of 131 square miles and has a population of approximately 995,000.

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.

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