

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Tacoma Power, WA**

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26 Jan 2021

New York, January 26, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Tacoma Power, WA and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 21 January 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Tacoma Power's rating (Aa3) incorporates the utility's low-cost and zero-emission power supply portfolio represented by a combination of owned and purchased hydroelectric resources; large and diverse service area though with average demographic and wealth trends; demonstrated historical willingness to raise rates, which are important to the rating in the context of level-to-declining retail load and low wholesale prices; and debt service coverage and liquidity metrics that have historically been stable and are expected to remain so. Further supporting the rating are competitive retail rates and conservative management. However, the rating also incorporates hydrology risk, which is mitigated in part by conservative planning practices, and a reliance on wholesale market revenues, which includes administration of an energy hedging program, for 10-15% of revenues.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was US Public Power Electric Utilities with Generation Ownership Exposure Methodology published in August 2019. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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