



Rating Action: Moody's Ratings affirms Transmission Agency of Northern California's Aa3 rating; outlook stable

20 Oct 2025

New York, October 20, 2025 -- Moody's Ratings (Moody's) has affirmed the Aa3 rating on the Transmission Agency of Northern California's (TANC) California-Oregon Transmission Project Revenue Refunding Bonds, 2016 Series A, of which \$152.1 million remains outstanding. The rating outlook is stable.

RATINGS RATIONALE

The rating affirmation primarily reflects the strong weighted average credit quality of TANC's member participants. The strength of the take-or-pay arrangements between TANC and member participants is bolstered by the strategic importance of the transmission assets to member participants. Additionally, strong financial metrics support TANC's high credit quality: in 2024, Moody's adjusted debt service coverage was 2.36x and days cash on hand was 1,042.

TANC's rating takes into consideration and is constrained by its exposure to wildfires and potential wildfire-related liabilities; 35.6% of TANC's California-Oregon Transmission Project is located in elevated or extreme fire risk zones, according to the California Public Utilities Commission (CPUC) Fire Threat Map. Additionally, the relatively low debt service reserve, set at 25% of maximum annual debt service, is a limiting factor.

RATING OUTLOOK

The stable outlook reflects our expectation that financial metrics will remain healthy and that the risks associated with contingent liabilities related to wildfires and inverse condemnation are counterbalanced by the importance of connecting California utilities to low-cost hydroelectric power from the Pacific Northwest.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Improvement of participants' weighted average credit quality
- Legally restricted reserve levels funded at maximum annual debt service in addition to discretionary liquidity over 200 days cash on hand
- Continued maintenance of high availability factors

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Deterioration of TANC participants' weighted average credit quality
- Decline in discretionary liquidity to below 200 days cash on hand
- Incurrence of a large unforeseen liability due to wildfire damage

PROFILE

TANC is a joint powers authority (JPA) consisting of 15 Northern California public power utilities. TANC provides electric transmission service to be used by its members. The agency is the majority owner and project manager of the California-Oregon Transmission Project (COTP), a 340 mile, 1,600 megawatts (MW), 500 kilovolt

alternating current transmission line between southern Oregon and central California that operates in the Western Area Power Administration (WAPA) sub-balancing area with the Balancing Authority of Northern California. TANC has an 86.9% entitlement in the COTP with five other regional participants owning or having rights in the remaining balance of the project.

Pacific Gas & Electric Company (PG&E, Baa3 stable) supplies the agency with 300 MW of firm, bi-directional transmission service over PG&E's system between Tesla and Midway Substations. The South of Tesla (SOT) Agreement sets forth the terms under which the agency renders Tesla-Midway transmission to the participating members.

METHODOLOGY

The principal methodology used in this rating was US Municipal Joint Action Agencies published in December 2022 and available at <https://ratings.moodys.com/rmc-documents/396803>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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