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Fitch New Issue Report: South Carolina Public Service Authority (Santee Cooper)

The ‘A–’ rating reflects the authority’s financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), which rose to over 11.0x in 2021 as expected, and remains elevated for the rating. Santee Cooper made steady progress in reducing its debt burden and leverage in 2017–2020, but weaker than expected operating performance in 2021 reversed the improving trend. The revision of the Outlook to Negative from Stable reflects uncertainties related to accumulating costs the authority is unable to recover following its agreement as part of a legal settlement to lock rates through January 2025. The authority will seek to recover a large portion of these costs once the agreement expires, but these efforts are being challenged in court and the recovery provision is untested.

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