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## Moody's: US Nuclear and Coal-Fired Power Plant Retirements to Jolt Some Local Governments.

New York, June 18, 2014 — Aggressive changes to environmental and safety policies combined with abundant, cheap natural gas will trigger the largest wave of electric generating plant retirements in the US in 35 years, says Moody's Investors Service in a new report. Moody's has identified the 10 US local governments it rates that are most exposed to credit risk from these closures. The risk is already captured in their ratings, although ratings could change as new information about possible closures develop.

"The retirement of large-scale, base-load nuclear and coal-fired plants will have a significant impact on many local governments, as power plants are often the top taxpayer for a city, county, or school district, paying a larger share of property taxes than the government's other companies and individual residents," say Moody's Associate Analyst Andrew Pfluger and Vice President/Manager Julie Beglin in the report "US Nuclear and Coal-Fired Power Plant Retirements to Jolt Some Local Governments."

Leading the list of Moody's-rated local governments that receive the greatest share of their revenues from payments by a plant at risk for closure or already scheduled for retirement are Hendrick Hudson Central School District, Westchester, NY (general obligation debt rated A1), which receives 30.9% of its operating revenues from the Indian Point nuclear plant; Mexico Central School District, NY (A1), which receives 27.3% of its operating revenues from the James A. Fitzpatrick nuclear plant; the Town of Ontario, NY (Aa2), which receives 25.8% of its operating revenues from the R.E. Ginna nuclear plant; and the Town of Somerset, MA (Aa2), which receives 20.1% of its revenues from the Brayton Point coal plant.

The other local governments on the list are Wayne Central School District, NY (Aa3); Lacey Township, NJ (Aa3); Putnam County School District, GA (Aa3); Plymouth (Town of), MA Aa2); Kewaunee (County of) WI (A1); and Mount Holly (City of) NC (Aa3).

The 10 most-exposed rated local governments average 14% of their total operating revenues from at-risk power plants. Of the five most exposed local governments, four receive an average of 25.3% of their total operating revenues from at risk nuclear power plants, compared to 20.1% for the coal-fired plant. Nuclear power plant retirements may have a greater net credit impact on local governments than coal-fired power plants in terms of tax base and employment, says Moody's, because of their typically larger scale.

Although a retiring plant may present significant credit risk, local governments often benefit from several mitigants that soften the impact. These include strong reserves, conservative budgetary practices, ability to secure alternate sources of revenue, alternative use of plant sites, and assistance from state legislatures to ease the transition.

For more information, Moody's research subscribers can access this report at www.moodys.com/research/PBM_PBM169742.

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