S&P Global Corporate Ratings Matrix

Business Risk and Financial Risk Profile Matrix

Business risk profile	--Financial risk profile-- 1 (minimal)	2 (modest)	3 (intermediate)	4 (significant)	5 (aggressive)	6 (highly leveraged)
1 (excellent)	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
2 (strong)	aa/aa	a+/a	a-/bbb+	bbb	bb+	bb
3 (satisfactory)	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
4 (fair)	bbb/bbb-	bbb-	bb+	bb	bb-	b
5 (weak)	bb+	bb+	bb	bb-	b+	b/b-
6 (vulnerable)	bb-	bb-	bb-/b+	b+	b	b-

Source: S&P Global - How We Rate Nonfinancial Corporate Entities - April 2019

Financial Risk Indactiave Ratios - Corporates

Cash Flow/Leverage Analysis Ratios--Medial Volatility

	--Core ratios--		--Supplementary coverage ratios--		--Supplementary payback ratios--		
	FFO/debt (%)	Debt/EBITDA (x)	FFO/cash interest (x)	EBITDA/interest (x)	CFO/debt (%)	FOCF/debt (%)	DCF/debt (%)
Minimal	50+	less than 1.75	10.5+	14+	40+	30+	18+
Modest	35-50	1.75-2.5	7.5-10.5	9-14	27.5-40	17.5-30	11-18
Intermediate	23-35	2.5-3.5	5-7.5	5-9	18.5-27.5	9.5-17.5	6.5-11
Significant	13-23	3.5-4.5	3-5	2.75-5	10.5-18.5	5-9.5	2.5-6.5
Aggressive	9-13	4.5-5.5	1.75-3	1.75-2.75	7-10.5	0-5	(11)-2.5
Highly leveraged	Less than 9	Greater than 5.5	Less than 1.75	Less than 1.75	Less than 7	Less than 0	Less than (11)

Source: S&P Global - Corporate Methodology - November 2013

Moody's Key Financial Metrics

Weighting 40%	Sub-Factor Weighting		Aaa	Aa	A	Baa	Ba	B	Caa
CFO pre-WC + Interest / Interest	7.50%		≥ 8.0x	6.0x - 8.0x	4.5x - 6.0x	3.0x - 4.5x	2.0x - 3.0x	1.0x - 2.0x	< 1.0x
CFO pre-WC / Debt	15.00%	Standard Grid	≥ 40%	30% - 40%	22% - 30%	13% - 22%	5% - 13%	1% - 5%	< 1%
		Low Business Risk Grid	≥ 38%	27% - 38%	19% - 27%	11% - 19%	5% - 11%	1% - 5%	< 1%
CFO pre-WC - Dividends / Debt	10.00%	Standard Grid	≥ 35%	25% - 35%	17% - 25%	9% - 17%	0% - 9%	(5%) - 0%	< (5%)
		Low Business Risk Grid	≥ 34%	23% - 34%	15% - 23%	7% - 15%	0% - 7%	(5%) - 0%	< (5%)
Debt / Capitalization	7.50%	Standard Grid	< 25%	25% - 35%	35% - 45%	45% - 55%	55% - 65%	65% - 75%	≥ 75%
		Low Business Risk Grid	< 29%	29% - 40%	40% - 50%	50% - 59%	59% - 67%	67% - 75%	≥ 75%

Source: Moody's Investors Service - Regulated Electric and Gas Utilities Rating Methodology - June 2017

Appendix A: Regulated Electric and Gas Utilities Methodology Factor Grid

Factor 1a: Legislative and Judicial Underpinnings of the Regulatory Framework (12.5%)

Aaa	Aa	A	Baa
Utility regulation occurs under a fully developed framework that is national in scope based onlegislation that provides the utility a nearly absolute monopoly (see note 1_ within its service territory, an unquestioned assurance that rates will be set in a manner that will permit the utility to make andrecover all necessary investments, an extremely high degree of clarity as to the manner in which utilities will be regulated and prescriptive methods and procedures for setting rates. Existing utility law is comprehensive and supportive such that changes in legislation are not expected to be necessary; or any changes that have occurred have been strongly supportive of utilities credit quality in general and sufficiently forward-looking so as to address problems before theyoccurred. There is an independent regulator and the utility should			

Factor 1b: Consistency and Predictability of Regulation (12.5%)

Aaa	Aa	A	Baa
The issuer's interaction with the regulator has led to a strong, lengthy track record of predictable, consistent and favorable decisions. The regulator is highly credit supportive of the issuer and utilities in general. We expect these conditions to continue.	The issuer's interaction with the regulator has a led to a considerable track record of predominantly predictable and consistent decisions. The regulator is mostly credit supportive of utilities in generaland in almost all instances has been highly credit supportive of the issuer. We expect these conditions to continue.	The issuer's interaction with the regulator has led to a track record of largely predictable and consistent decisions. The regulator may be somewhat less credit supportive of utilities in general, but has been quite credit supportive of the issuer in most circumstances. We expect these conditions to continue.	The issuer's interaction with the regulator has led to an adequate track record. The regulator is generally consistent and predictable, but there may some evidence of inconsistency or unpredictability from time to time, or decisions may at times be politically charged. However, instances of less credit supportive decisions are based on reasonable application of existing rules and statutes and are not overly punitive. We expect these conditions to continue.

Ba	B	Caa
We expect that regulatory decisions will demonstrate considerable inconsistency or unpredictability or that decisions will be politically charged, based either on the issuer's track record of interaction with regulators or other governing bodies, or our view that decisions will move in this direction. The regulator may have a history of less credit supportive regulatory decisions with respect to the issuer, but we expect that the issuer will be able to obtain support when it encounters financial stress, with some potentially material delays. The regulator's authority may be eroded at times by legislative or political action. The regulator may not follow the framework for	We expect that regulatory decisions will be largely unpredictable or even somewhat arbitrary, based either on the issuer's track record of interaction with regulators or other governing bodies, or our view that decisions will move in this direction. However, we expect that the issuer will ultimately be able to obtain support when it encounters financial stress, albeit with material or more extended delays. Alternately, the regulator is untested, lacks a consistent track record, or is undergoing substantial change. The regulator's authority may be eroded on frequent occasions by legislative or political action. The regulator may more frequently ignore the framework in a manner detrimental to the issuer.	We expect that regulatory decisions will be highly unpredictable and frequently adverse, based either on the issuer's track record of interaction with regulators or other governing bodies, or our view that decisions will move in this direction. Alternately, decisions may have credit supportive aspects, but may often be unenforceable. The regulator's authority may have been seriously eroded by legislative or political action. The regulator may consistently ignore the framework to the detriment of the issuer.

Factor 2a: Timeliness of Recovery of Operating and Capital Costs (12.5%)

Aaa	Aa	A	Baa
Tariff formulas and automatic cost recovery mechanisms provide full and highly timely recovery of all operating costs and essentially contemporaneous return on all incremental capital investments, with statutory provisions in place to preclude the possibility of challenges to rate increases or cost recovery mechanisms. By statute and by practice, general rate cases are efficient, focused on an impartial review, quick, and permit inclusion of fully forward -looking costs.	Tariff formulas and automatic cost recovery mechanisms provide full and highly timely recovery of all operating costs and essentially contemporaneous or near-contemporaneous return on most incremental capital investments, with minimal challenges by regulators to companies' cost assumptions. By statute and by practice, general rate cases are efficient, focused on an impartial review, of a very reasonable duration before non-appealable interim rates can be collected, and primarily permit inclusion of forward- looking costs.	Automatic cost recovery mechanisms provide full and reasonably timely recovery of fuel, purchased power and all other highly variable operating expenses. Material capital investments may be made under tariff formulas or other rate-making permitting reasonably contemporaneous returns, or may be submitted under other types of filings that provide recovery of cost of capital with minimal delays. Instances of regulatory challenges that delay rate increases or cost recovery are generally related to large, unexpected increases in sizeable construction projects. By statute or by practice, general rate cases are reasonably efficient, primarily focused on an impartial review, of a reasonable duration before rates (either permanent or non- refundable interim rates) can be collected, and permit inclusion of important forward -looking costs.	Fuel, purchased power and all other highly variable expenses are generally recovered through mechanisms incorporating delays of less than one year, although some rapid increases in costs may be delayed longer where such deferrals do not place financial stress on the utility. Incremental capital investments may be recovered primarily through general rate cases with moderate lag, with some through tariff formulas. Alternately, there may be formula rates that are untested or unclear. Potentially greater tendency for delays due to regulatory intervention, although this will generally be limited to rates related to large capital projects or rapid increases in operating costs.

Ba	B	Caa
There is an expectation that fuel, purchased power or other highly variable expenses will eventually be recovered with delays that will not place material financial stress on the utility, but there may be some evidence of an unwillingness by regulators to make timely rate changes to address volatility in fuel, or purchased power, or other market-sensitive expenses. Recovery of costs related to capital investments may be subject to delays that are somewhat lengthy, but not so pervasive as to be expected to discourage important investments.	The expectation that fuel, purchased power or other highly variable expenses will be recovered may be subject to material delays due to second-guessing of spending decisions by regulators or due to political intervention. Recovery of costs related to capital investments may be subject to delays that are material to the issuer, or may be likely to discourage some important investment.	The expectation that fuel, purchased power or other highly variable expenses will be recovered may be subject to extensive delays due to second-guessing of spending decisions by regulators or due to political intervention. Recovery of costs related to capital investments may be uncertain, subject to delays that are extensive, or that may be likely to discourage even necessary investment.

Note: Tariff formulas include formula rate plans as well as trackers and riders related to capital investment.

Factor 2b: Sufficiency of Rates and Returns (12.5%)

Aaa	Aa	A	Baa
Sufficiency of rates to cover costs and attract capital is (and will continue to be) unquestioned.	Rates are (and we expect will continue to be) set at a level that permits full cost recovery and a fair return on all investments, with minimal challenges by regulators to companies' cost assumptions. This will translate to returns (measured in relation to equity, total assets, rate base or regulatory asset value, as applicable) that are strong relative to global peers.	Rates are (and we expect will continue to be) set at a level that generally provides full cost recovery and a fair return on investments, with limited instances of regulatory challenges and disallowances. In general, this will translate to returns (measured in relation to equity, total assets, rate base or regulatory asset value, as applicable) that are generally above average relative to global peers, but may at times be average.	Rates are (and we expect will continue to be) set at a level that generally provides full operating cost recovery and a mostly fair return on investments, but there may be somewhat more instances of regulatory challenges and disallowances, although ultimate rate outcomes are sufficient to attract capital without difficulty. In general, this will translate to returns (measured in relation to equity, total assets, rate base or regulatory asset value, as applicable) that are average relative to global peers, but may at times be somewhat below average.

Ba	B	Caa
Rates are (and we expect will continue to be) set at a level that generally provides recovery of most operating costs but return on investments may be less predictable, and there may be decidedly more instances of regulatory challenges and disallowances, but ultimate rate outcomes are generally sufficient to attract capital. In general, this will translate to returns (measured in relation to equity, total assets, rate base or regulatory asset value, as applicable) that are generally below average relative to global peers, or where allowed returns are average but difficult to earn. Alternately, the tariff formula may not take into account all cost components and/or remuneration of investments may be unclear or at times unfavorable.	We expect rates will be set at a level that at times fails to provide recovery of costs other than cash costs, and regulators may engage in somewhat arbitrary second-guessing of spending decisions or deny rate increases related to funding ongoing operations based much more on politics than on prudency reviews. Return on investments may be set at levels that discourage investment. We expect that rate outcomes may be difficult or uncertain, negatively affecting continued access to capital. Alternately, the tariff formula may fail to take into account significant cost components other than cash costs, and/or remuneration of investments may be generally unfavorable.	We expect rates will be set at a level that often fails to provide recovery of material costs, and recovery of cash costs may also be at risk. Regulators may engage in more arbitrary second-guessing of spending decisions or deny rate increases related to funding ongoing operations based primarily on politics. Return on investments may be set at levels that discourage necessary maintenance investment. We expect that rate outcomes may often be punitive or highly uncertain, with a markedly negative impact on access to capital. Alternately, the tariff formula may fail to take into account significant cash cost components, and/or remuneration of investments may be primarily unfavorable.

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20230023-GU
OPC'S FIRST REQUEST FOR PODS
FILED: MAY 11, 2023

Factor 3: Diversification (10%)

Weighting 10%	Sub-Factor Weighting	Aaa	Aa	A	Baa
Market Position	5% *	A very high degree of multinational and regional diversity in terms of regulatory regimes and/or service territory economies.	Material operations in three or more nations or substantial geographic regions providing very good diversity of regulatory regimes and/or service territory economies.	Material operations in two to three nations, states, provinces or regions that provide good diversity of regulatory regimes and service territory economies. Alternately, operates within a single regulatory regime with low volatility, and the service territory economy is robust, has a very high degree of diversity and has demonstrated resilience in economic cycles.	May operate under a single regulatory regime viewed as having low volatility, or where multiple regulatory regimes are not viewed as providing much diversity. The service territory economy may have some concentration and cyclicality, but is sufficiently resilient that it can absorb reasonably foreseeable increases in utility rates.
Generation and Fuel Diversity	5% **	A high degree of diversity in terms of generation and/or fuel sources such that the utility and rate-payers are well insulated from commodity price changes, no generation concentration, and very low exposures to Challenged or Threatened Sources (see definitions below).	Very good diversification in terms of generation and/or fuel sources such that the utility and rate-payers are affected only minimally by commodity price changes, little generation concentration, and low exposures to Challenged or Threatened Sources.	Good diversification in terms of generation and/or fuel sources such that the utility and rate-payers have only modest exposure to commodity price changes; however, may have some concentration in a source that is neither Challenged nor Threatened. Exposure to Threatened Sources is low. While there may be some exposure to Challenged Sources, it is not a cause for concern.	Adequate diversification in terms of generation and/or fuel sources such that the utility and rate-payers have moderate exposure to commodity price changes; however, may have some concentration in a source that is Challenged. Exposure to Threatened Sources is moderate, while exposure to Challenged Sources is manageable.

	Sub-Factor Weighting	Ba	B	Caa	Definitions
Market Position	5% *	Operates in a market area with somewhat greater concentration and cyclicality in the service territory economy and/or exposure to storms and other natural disasters, and thus less resilience to absorbing reasonably foreseeable increases in utility rates. May show somewhat greater volatility in the regulatory regime(s).	Operates in a limited market area with material concentration and more severe cyclicality in service territory economy such that cycles are of materially longer duration or reasonably foreseeable increases in utility rates could present a material challenge to the economy. Service territory may have geographic concentration that limits its resilience to storms and other natural disasters, or may be an emerging market. May show decided volatility in the regulatory regime(s).	Operates in a concentrated economic service territory with pronounced concentration, macroeconomic risk factors, and/or exposure to natural disasters.	Challenged Sources are generation plants that face higher but not insurmountable economic hurdles resulting from penalties or taxes on their operation, or from environmental upgrades that are required or likely to be required. Some examples are carbon-emitting plants that incur carbon taxes, plants that must buy emissions credits to operate, and plants that must install environmental equipment to continue to operate, in each where the taxes/credits/upgrades are sufficient to have a material impact on those plants' competitiveness relative to other generation types or on the utility's rates, but where the impact is not so severe as to be likely require plant closure.
Generation and Fuel Diversity	5% **	Modest diversification in generation and/or fuel sources such that the utility or rate- payers have greater exposure to commodity price changes. Exposure to Challenged and Threatened Sources may be more pronounced, but the utility will be able to access alternative sources without undue financial stress.	Operates with little diversification in generation and/or fuel sources such that the utility or rate-payers have high exposure to commodity price changes. Exposure to Challenged and Threatened Sources may be high, and accessing alternate sources may be challenging and cause more financial stress, but ultimately feasible.	Operates with high concentration in generation and/or fuel sources such that the utility or rate-payers have exposure to commodity price shocks. Exposure to Challenged and Threatened Sources may be very high, and accessing alternate sources may be highly uncertain.	Threatened Sources are generation plants that are not currently able to operate due to major unplanned outages or issues with licensing or other regulatory compliance, and plants that are highly likely to be required to de- activate, whether due to the effectiveness of currently existing or expected rules and regulations or due to economic challenges. Some recent examples would include coal fired plants in the US that are not economic to retro-fit to meet mercury and air toxics standards, plants that cannot meet the effective date of those standards, nuclear plants in Japan that have not been licensed to re-start after the Fukushima Dai-ichi accident, and nuclear plants that are required to be phased out within 10 years (as is the case in some European countries).

* 10% weight for issuers that lack generation **0% weight for issuers that lack generation

7800

Factor 4: Financial Strength

Weighting 40%	Sub-Factor Weighting		Aaa	Aa	A	Baa	Ba	B	Caa
CFO pre-WC + Interest / Interest	7.5%		≥ 8x	6x - 8x	4.5x - 6x	3x - 4.5x	2x - 3x	1x - 2x	< 1x
		Standard Grid	≥ 40%	30% - 40%	22% - 30%	13% - 22%	5% - 13%	1% - 5%	< 1%
CFO pre-WC / Debt	15%								
		Low Business Risk Grid	≥ 38%	27% - 38%	19% - 27%	11% - 19%	5% - 11%	1% - 5%	< 1%
		Standard Grid	≥ 35%	25% - 35%	17% - 25%	9% - 17%	0% - 9%	(5%) - 0%	< (5%)
CFO pre-WC - Dividends / Debt	10%								
		Low Business Risk Grid	≥ 34%	23% - 34%	15% - 23%	7% - 15%	0% - 7%	(5%) - 0%	< (5%)
		Standard Grid	< 25%	25% - 35%	35% - 45%	45% - 55%	55% - 65%	65% - 75%	≥ 75%
Debt / Capitalization	7.5%								
		Low Business Risk Grid	< 29%	29% - 40%	40% - 50%	50% - 59%	59% - 67%	67% - 75%	≥ 75%

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Fitch Key Rating Factors

Key Rating Factors

Sector risk profile	Financial profile
Country risk	• Cash flow and profitability
Management strategy/governance	• Financial structure
Group structure	• Financial flexibility
Business profile	
Source: Fitch Ratings	

Source: Fitch Ratings - Corporate Rating Criteria - December 2020

Sector-Specific Key Factors — US Utilities, Power and Gas

	Regulatory Environment	Market Position	Asset Base and Operations	Commodity Exposure
Rating	**Degree of Transparency and Predictability**	**Market Structure**	**Diversity of Assets**	**Ability to Pass Through Changes in Fuel**
aa	n.a.	n.a.	n.a.	n.a.
a	Track record of transparent and predictable regulation.	Well-established market structure with complete transparency in price-setting mechanisms.	High-quality and/or large-scale diversified assets.	Complete pass-through of commodity costs.
bbb	Generally transparent and predictable regulation with limited political interference.	Established market structure but some level of uncertainty in price-setting mechanisms.	Good quality and/or reasonable scale diversified assets.	Limited exposure to changes in commodity costs.
bb	Poor or uncertain track record of regulation and high political interference.	Still evolving market structure and uncertain price-setting mechanisms.	Small size and limited diversification.	Inability to pass through all changes in commodity costs.
b	Hostile regulatory or political jurisdiction or frequent regulatory interference in market-based mechanisms.	High risk to market structure from regulatory or political interference.	Low quality, small size and highly concentrated assets.	High exposure to commodity price changes.
ccc	Regulatory framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	Market framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	n.a.	Substantial cash impairments crystalized or about to as a result of the failure of derivative and physical hedging measures.
	Timeliness of Cost Recovery	**Consumption Growth Trend**	**Operations Reliability and Cost Competitiveness**	**Underlying Supply Mix**
aa	n.a.	n.a.	n.a.	n.a.
a	Minimal lag to recover capital and operating costs.	Economically vibrant market or service territory with strong sales growth.	Track record of reliable, low-cost operations.	Extremely low cost and flexible supply.
bbb	Moderate lag to recover capital and operating costs.	Customer and usage growth in line with industry averages.	Reliability and cost of operations at par with industry averages.	Low variable costs and moderate flexibility of supply.
bb	Significant lag to recover capital and operating costs.	Exposure to declining usage or volumes or self-generation.	Below-average system reliability and cost structure.	High variable costs and limited flexibility of supply.
b	Material delays in recovering capital and operating costs.	Rapidly shrinking market or service territory and falling unit consumption.	Poor system reliability and disadvantageous cost structure.	Extreme variability in costs and minimal flexibility of supply.
ccc	Regulatory framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	Customer base, key personnel or material operational facilities experiencing a level of flux that significantly impairs cash generation.	Subject to advanced regulatory intervention with material risks for concession ownership/preservation of capital structure.	Substantial cash impairments crystalized or about to as a result of the failure of supply purchasing strategies.
	Trend in Authorized ROEs	**Customer Mix**	**Exposure to Environmental Regulations**	**Hedging Strategy**
aa	n.a.	n.a.	n.a.	n.a.
a	Above-average authorized ROE.	Favorable customer mix.	No exposure to environmental regulations.	Highly captive supply and customer base.
bbb	Average authorized ROE.	Less diversified customer base	Limited or manageable exposure to environmental regulations.	Long-term supply and sales contracts with creditworthy counterparties.
bb	Significantly below-average authorized ROE.	High concentration of customers in cyclical industries.	Significant exposure to environmental regulations	Medium-term hedging strategy for supply and sales
b	Absence of regulatory ROE.	High concentration to risky, less creditworthy customers.	Merchant generator with a material exposure to highly polluting technology.	Minimal hedging of supply and sales or highly speculative trading positions.
ccc	Regulatory framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	Substantial cash impairment crystalized or about to, due to counterparty failures, including systemic collection failures.	Substantial cash impairment crystalized, or about to, due to multiple, punitive environmental cost burdens.	Substantial cash impairments crystalized or about to as a result of the failure of derivative and physical hedging measures.
	Mechanisms Available to Stabilize Cash Flows	**Geographic Location**	**Capital and Technological Intensity of Capex**	
aa	n.a.	n.a.	n.a.	
a	Revenues fully insulated from variability in consumption.	Favorable location or high geographic diversity.	Low levels of reinvestment requirements	
bbb	Revenues partially insulated from variability in consumption.	Beneficial location or reasonable locational diversity.	Moderate reinvestments requirements in established technologies.	
bb	Revenues fully exposed to variability in consumption.	High sensitivity to extreme weather or disaster disruptions.	Reinvestment concentrated in capital-intensive or unproven technologies.	
b	Revenues fully exposed to declining consumption.	High exposure to event risk.	High exposure to execution risk for projects involving large outlays or unproven technologies.	
ccc	Regulatory framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	Concentration in one location with disruptive economic or logistical characteristics impairing either operation or cash collections	Substantial cash impairment crystalized or about to, due to the failure or cost over-run of a major project.	
	Mechanisms Supportive of Creditworthiness	**Supply Demand Dynamics**		
aa	n.a.	n.a.		
a	Effective regulatory ring-fencing	Beneficial outlook for prices/rates		
bbb	Effective regulatory ring-fencing or minimum creditworthiness requirements.	Moderately favorable outlook for prices/rates.		
bb	Limited regulatory ring-fencing or minimum creditworthiness requirements.	Uncertain outlook for prices/rates.		
b	Absence of minimum creditworthiness requirements.	Extremely unfavorable outlook for prices/rates.		
ccc	Regulatory framework formally or informally abandoned, with substantial uncertainty around future mechanisms.	Direct exposure to failed market structures crystalized or about to, with substantial negative cash flow implications.		

Financial Profile Key Factors — US Utilities, Power and Gas

	Profitability	Financial Structure	Financial Flexibility
Rating	**Free Cash Flow**	**FFO Leverage**	**Financial Discipline**
aa	n.a.	n.a.	Publicly announced conservative financial policy. Track record of strict compliance
a	Structurally neutral to positive FCF across the investment cycle.	3.5x	Clear commitment to maintain a conservative policy with only modest deviations allowed.
bbb	Structurally neutral to negative FCF across the investment cycle.	5.0x	Less conservative policy, but generally applied consistently
bb	Structurally negative FCF across the investment cycle.	6.5x	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
b	Structurally heavily negative FCF across the investment cycle.	7.0x	No financial policy or track record of ignoring it. Opportunistic behavior
ccc	Negative FCF burden greater than all projected regulatory parameters, and negative operational cash flow the norm.	>9.0x	Financial management has lost much of its discipline, and subject to frequent, sudden changes consistent with a crisis environment.
	Volatility of Profitability	**Total Debt with Equity Credit/Op. EBITDA**	**Liquidity**
aa	n.a.	n.a.	Very comfortable liquidity, no need to use external funding in the next 24 months even under a severe stress scenario. Well-spread debt maturity. Diversified sources of funding.
a	Higher stability and predictability of profits relative to utility peers.	3.25x	Very comfortable liquidity. No need to use external funding in the next 12 months even under a severe stress scenario. Well-spread debt maturity schedule. Diversified sources of funding.
bbb	Stability and predictability of profits in line with utility peers.	3.75x	One-year liquidity ratio above 1.25x. Well-spread maturity schedule of debt but funding may be less diversified
bb	Lower stability and predictability of profits relative to utility peers.	4.75x	Liquidity ratio around 1.0x. Less smooth debt maturity or concentrated funding.
b	Stability and predictability of profits viewed as negative outliers relative to utility peers.	6.0x	Liquidity ratio below 1.0x. Overly reliant on one funding source.
ccc	Volatility of profits greater than normal bounds of volatility for corporate sector as a whole.	>8.0x	No near-term prospect of recovery in liquidity score above 1.0x. All/most funding sources subject to material execution risk.
			FFO Interest Coverage
aa			n.a.
a			5.5x
bbb			4.5x
bb			3.5x
b			2.0x
ccc			Net FCF debt service cover below 1.0x. All/most funding sources subject to material execution risk.