

PHOENIX, Ariz. – September 19, 2025 – The Southwest Public Power Agency (SPPA) today issued a strong objection to S&P Global Ratings’ September 17 downgrade of SPPA, calling the action “unwarranted, unbalanced, and disconnected from the Agency’s actual financial and operational performance.

“S&P’s report paints a misleading picture of SPPA’s credit profile by overemphasizing isolated risks and ignoring substantial progress in governance, renewable diversification, and financial strength,” said Dennis Delaney, Interim General Manager of SPPA. “Our fundamentals are stronger than ever, and the facts simply do not support a negative outlook.”

Key Mischaracterizations in the S&P Report

- **Member Credit Strength Ignored** – S&P’s reliance on a “weak-link” approach unfairly suggests that two smaller members define the collective creditworthiness of a 22-member agency. In reality, SPPA’s members include some of the strongest public-power districts and tribal utilities in Arizona, with FY2024 median coverage of 1.75x and nearly 11 months of cash on hand.
- **Resource Portfolio Misrepresented** – The report portrays SPPA as over-reliant on natural gas while disregarding more than **400 MW of contracted solar and battery storage** resources. This includes the **300-MW Box Canyon Solar project**, fully subscribed with SRP as a participant under binding step-up provisions, and **Apache II Solar**, coming online this December. These projects lock in long-term, fixed-price renewable energy and materially reduce gas price exposure.
- **Litigation Risks Overstated** – Citing the Fondomonte lawsuit as central to the negative outlook ignores the fact that it represents only 36% of one member’s FY2024 revenue and has no material impact on the broader agency.
- **Governance and Financial Progress Overlooked** – SPPA remains **debt-free**, operates under a full cost-pass-through model, completed FY2024 audits on time, and demonstrated strong liquidity even through the extreme volatility of 2022–2023. Member-level Fixed-Charge Coverage ratios improved significantly in FY2024, further strengthening the pool’s credit profile.

SPPA’s Strengths Moving Forward

- **Debt-free operations** with no cost-recovery risk.
- **Robust liquidity**, proven through historic market stress.
- **Disciplined hedging program** reviewed quarterly by an independent Risk Management Committee.
- **Diversified and growing renewable portfolio** with below-market PPAs.
- **Active governance and transparency** backed by independent advisors.

Call for Reconsideration

“SPPA has never been stronger,” Delaney added. “We are debt-free, our member coverage ratios are improving, and we have secured long-term renewable resources that position our portfolio ahead of the market. S&P’s action disregards these realities. We urge S&P to reconsider this continued downgrade and provide a rating that accurately reflects the Agency’s financial resilience, diversified membership, and forward-looking resource plan.”

About SPPA

The Southwest Public Power Agency (SPPA) is a joint action agency formed in 2014 that provides power supply, transmission, and risk-management services to 22 public power entities across Arizona, including irrigation districts, municipalities, and tribal utilities. SPPA’s mission is to deliver reliable, affordable, and sustainable energy solutions to its members while preserving local control and public-power values.