MOODY'S INVESTORS SERVICE

Credit Opinion: Empresa de Energía de Bogotá S.A. ESP. (EEB)

Global Credit Research - 07 Sep 2015

Bogota, Colombia

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa2
Transportadora de Gas Internacional	
Outlook	Stable
Senior Unsecured	Baa3
Gas Natural de Lima y Callao S.A. (Calidda)	
Outlook	Stable
Senior Unsecured	Baa3

Contacts

Analyst	Phone
Natividad Martel/New York City	212.553.4561
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**Empresa de Energía de Bogotá S.A. ESP. (EEB)**

	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
CFO pre-WC + Interest / Interest	4.1x	4.6x	3.3x	7.5x	4.1x
CFO pre-WC / Debt	35.9%	42.4%	27.7%	35.0%	15.5%
CFO pre-WC - Dividends / Debt	2.2%	42.4%	17.7%	25.7%	-7.8%
Debt / Capitalization	28.8%	26.5%	23.9%	27.8%	44.4%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

-Ownership structure

-Material structural subordination given parent only indebtedness amid high reliance on cash up-streams from non-controlled subsidiaries

-Credit metrics expected to remain commensurate with the Baa-rating category despite the anticipated deterioration

-More prudent expansion plan and dividend policy after this year's material distributions

- Limited exposure to foreign exchange risk exposure following the implementation of planned liability management initiatives before year-end

Corporate Profile

Headquartered in Bogota, Colombia (Baa2, stable) , Empresa de Energia de Bogota S.A. E.S.P. (EEB) is a Colombian transmission company subject to the purview of the Comision de Regulacion de Energia y Gas (CREG). It is also a holding company with material equity interests in controlled and non-controlled subsidiaries that conduct their electric and natural gas operations in Colombia (Baa2, stable), Peru (A3, stable) and Guatemala (Ba1, stable).

EEB's non-controlled Colombian subsidiaries include the unregulated generation company Emgesa S.A. E.S.P. (43.6% of voting rights), as well as the electric and natural gas utilities Codensa S.A. E.S.P. (42.85% of voting rights) and Gas Natural S.A. E.S.P. (25%) as well as the natural gas transportation company Promigas (15.6%). The latter holds majority stakes in natural gas distribution companies in Colombia and 40% equity interest Gas Natural de Lima y Callao S.A. (Calidda; Baa3 stable), a LDC operating in Lima. EEB also holds a 40% equity interest in the Peruvian electric transmission companies Red de Energia del Peru (REP) and Consorcio TransMantaro (CTM; Baa3, stable).

EEB's controlled subsidiaries include the Colombian natural gas transportation company, Transportadora de Gas Internacional S.A. E.S.P. (TGI; Baa3, stable; total: 99.97% ownership stake including the 31.92% voting stock rights acquired last year via Inversiones en Energia Latino America Holdings S.L.'s (IELAH); the holding company Decsa S.A. E.S.P. (51% interest) which holds a 82% equity interest in the electric utility Empresa de Energia de Cundinamarca S.A. E.S.P. (EEC); Peruvian natural gas transportation and distribution subsidiaries: Calidda (Baa3, stable; total in- and direct interest 66.2%) and Contugas S.A.C. (total in- and direct interest 100%; including TGI's 36.8%); as well as the Guatemalan subsidiaries: EEB Ingenieria y Servicios S.A. (EEBIS; 100%) and Transportadora de Energia de Centroamerica S.A. (Trecsa; 95.3%) both of which are pursuing material investment programs.

In August 2015, EEB completed the acquisition of a 51% interest stake in four electric transmission Brazilian concessions, namely Transenergia Renovavel S.A., Transenergia Sao Paulo S.A., Goias TRransmissao S.A. and MGE Transmissao S.A.. This participation will be held through GEBRAS Ltda. Furnas Centrais Eletricas S.A. holds the other 49% interest stake while also operating three of the concessions.

The District of Bogota remains EEB's majority shareholder with a 76.3% ownership stake. EEB's remaining shareholders includes Corficolombiana S.A. (3.6%), local pension funds (6%) and retail investors. Ecopetrol is in the process of disposing its remaining 3.03% interest-stake after selling a 3.75% interest in July 2015. As of June 30, 2015, EEB recorded non-consolidated assets of approximately US$5 billion (about 64% of the consolidated assets).

Rating Rationale

The Baa2 senior unsecured rating reflects EEB's ownership structure and linkages with the District of Bogota. Given the District's majority ownership stake, EEB falls under the scope of Moody's rating methodology for Government-Related Issuers (GRIs) that as explained later incorporates four components (i) the rating of the District of Bogota (Baa2, stable) along with a (ii) strong probability of extraordinary support from the municipality, and (iii) moderate level of dependence as well as (iv) EEB's Base Credit Assessment (BCA) of baa3.

EEB's BCA is a representation of its intrinsic creditworthiness before taking into account possible extraordinary support from the municipality. EEB's BCA largely reflects the structural subordination that results from (i) material amount of parent-only debt compared to consolidated indebtedness as well as (ii) its strong dependence on cash up-streams, particularly those from its non-controlled subsidiaries to service its debt despite its own profitable transmission operations. However, the BCA also captures the regulated nature of the operations of most of its subsidiaries and the aggressive dividend policy of key non-controlled subsidiaries that enhances EEB's cash flow visibility. The BCA assumes the successful completion of the material electric transmission and natural gas capital expenditure (capex) projects currently being pursued in Peru and Guatemala. It acknowledges the resulting diversification benefits and the slowly growing relevance of the controlled subsidiaries as a source of cash flows. The BCA acknowledges the group's materially more prudent capex program that pursues new growth opportunities in Colombia and other regional countries with transparent regulatory frameworks. Although the BCA anticipates a deterioration in EEB's robust historical credit metrics, it also assumes that the 3-year averages on a standalone and consolidated basis will remain commensurate with the Baa-rating category as well as recorded debt/EBITDA that will remain below 4.0x on a normalized basis. The BCA also assumes that after the material dividend distributions in 2015 and 2016 (that includes a pre-payment for next year) the group's dividend policy will be reasonable and sustainable. In the absence of committed bank credit facilities, the BCA also captures EEB's reliance on the capital markets to meet unexpected cash flow shortfalls albeit we consider its current debt maturity profile manageable. Importantly, the BCA and rating assume that the implementation before year-end of liability management initiatives currently under consideration enable EEB to fully eliminate its foreign exchange risk exposure via a combination of financial and natural hedges.

DETAILED RATING CONSIDERATIONS

OWNERSHIP STRUCTURE

EEB's Baa2 senior unsecured rating largely reflects its ownership structure and linkages with the District of Bogota (Baa2, stable). It is our understanding that pursuant to Agreement nr 01, 1996, the District of Bogota is required to hold at least a 51% ownership-stake in the issuer. Given the District's majority ownership stake, EEB falls under the scope of Moody's rating methodology for Government-Related Issuers (GRIs).

Our credit assessment reflects the degree to which the District is exposed to the same risks as those that would affect credit quality at EEB. This is considered moderate given the group's businesses outside of Bogota including its international subsidiaries.

The rating reflects Moody's assessment of a strong probability of extraordinary support from the municipality and a moderate level of dependence. That said, we may reassess our opinion about the District's ability and willingness to provide extraordinary financial support should EEB encounter significant challenges in its operations abroad due to the expected continued growth of its international activities.

Our current assessment factors some potential risk of political interference by the District, particularly in the absence of a governance framework agreement that clearly outlines EEB's relationship with the District of Bogota including its dividend policy. During 2014, EEB's distributions were material after the significant dividends received from its non-controlled Colombian subsidiaries. To further reduce the impact of the hike of the equity tax-rate it also declared in December last year ColPs1.1 billion (around US$430 million) of dividends to be distributed this year (around 54% in June and the balance in October). The material amount of the cash distributions is a credit negative but EEB's rating assumes that a significant portion is a pre-payment such that next year's anticipated dividend distributions will be very modest.

The municipal elections at the end of this year further adds some uncertainty; however, our concerns are significantly mitigated by the country's legal and regulatory requirements necessary for listed companies like EEB before the implementation of any material corporate reorganizations as evidenced after the last mayoral election at the end of 2011. That said, we assume that any change in the Administration of the Municipality will not result in unsustainable amounts of dividends and/or a material amendment of the group's expansion strategy. This is particularly relevant following the downward revision of the group's investment budget earlier this year.

GROUP'S MORE PRUDENT CAPEX PROGRAM AMID GROWING OWN TRANSMISSION OPERATIONS

Earlier this year the group revised downward its 2014 investment plans that aggregated around US$7.5 billion including a pipeline of around US$4.4 billion in projects still under study. EEB has publicly disclosed that the group has earmarked investments of around US$2 billion. This more prudent growth plan is a credit positive. It largely focuses on growing its own transmission operations while pursuing some investment opportunities at subsidiaries that operate in overall credit supportive regulatory frameworks. For example, EEB's acquisition earlier this year of the 51% equity interest in four transmission concessions in Brazil is a credit positive. We acknowledge the geographic benefits as well as their cash flows visibility as they operate under 25-year concession agreements that will not start expiring before 2034. Furnas will remain a minority shareholder in these concessions while also operating three out the four concessions, another credit positive.

EEB's transmission operations at the end of 2014 reported around US$34 million in EBITDA. Around 60% of EEB's transmission assets became operational before 2000. The tariffs associated with these assets (pre-2000) were set in 2008 and are premised on a 11.5% weighted average cost of capital (WACC) to be applied on the assets new replacement value (VNR). These tariffs are subject to CREG's review every five years; however, CREG's changes to the methodologies to set the WACC and new tariffs have resulted in the outcome delays. Stakeholders anticipate a lower WACC largely to reflect the lower country-risk premium. The CREG's proposed changes in the electric tariff methodology (for distribution and transmission companies) are more significant and include considering the optimized depreciated value of the asset base instead of the VNR in order to incentivize investments. This adds some uncertainty regarding the financial impact of this tariff review on the electric transmission and distribution companies, a credit negative. The outcome is now expected during 2016. We understand that CREG is considering the stakeholders' feedback and inputs before making a final decision, a credit positive. This supports our view of the overall credit supportiveness of the Colombian regulatory environment and the relationship of CREG with the utilities. In our opinion, even though still subject to further development this framework has been in place for over fifteen years, albeit still subject to changes, compares well to those in other Latin American countries in terms of predictability and transparency.

The remuneration of the balance of EEB's transmission assets (commissioned after 2000) is based on the winning bid awarded under public auction for the first 25 operational years. These include estimated annual revenues in USD, along with Administration, Operation and Maintenance expenses, and opportunity costs of the capital invested. After 25 years, these assets will be subject to the CREG's transmission charges (pre-2000 assets) and tariffs reviews.

EEB has currently eleven projects under different stages of development (total capex of around US$800 million for the period 2015-2019) including seven new projects won under competitive auctions since year-end 2013. The issuer estimates that with their completion its market share will exceed 11% (currently about 8%) in terms of total transmission assets. These projects will also enhance EEB's ability to generate its own operating cash flows (around US$78 million p.a.), a credit positive. The relatively short build period of up to three years somewhat offsets the inherent construction risk. On a less positive note, similar to other countries in LatAm, transmission projects in Colombia are facing challenges to attain rights of way, easements and environmental permits. However, we also observe the increased involvement of the Colombian authority for environmental licenses (ANLA) that was created in September 2011 to ehance the decision making process to attain such authorizations for key projects. Nevertheless, EEB is reporting delays compared to its build schedule in some of these projects largely due attaining all the necessary permits. The most significant example under the projects currently under development is Chivor II (47% recorded vs 87% planned progress; annual revenue: US$5.5 million). The Ministry of Mines and Energy (MEM) is currently reviewing the extension of its completion deadline (July 2015). There are precedents of the MEM approving such extension requests when the cause of the delay is considered a Force Majeure outside of EEB's control, a credit positive; For example, such extensions have been authorized for the Armenia project on several occasions (initial deadline: August 2014). A new extension (last set for early August 2015) is pending as the project continues facing some social opposition with the project reporting 78.5% progress (planned 89.4%). Moreover, EEB is already generating revenues from the Armenia project as well as Tesalia project (total for the two phases: US$11 million) following the completion of the first phases. The second phase is facing some delays (scheduled completion: November 2015) albeit the overall progress of 85.3% still compares well with the planned of 86.34%. The rating assumes that the delays in these projects will be further considered force majeure and will not impact EEB's financial performance materially.

STRONG DEPENDENCE ON THE CASH UPSTREAMS FROM ITS NON-CONTROLLED SUBSIDIARIES

The BCA assumes that EEB's non-controlled subsidiaries - particularly the unregulated power generation company Emgesa and the regulated utilities Codensa (electric) and Gas Natural (natural gas distribution) will remain EEB's main source of cash flow over the foreseeable future. The lack of control over these operations is a credit negative; however, this concern is mitigated by the historical track record of the aggressive dividend policies (including capital reductions) of these companies, the absence of any distribution tests, and EEB's voting rights under the Shareholders' Agreement with respect to changing Emgesa's and Codensa's dividend distributions to less than 50% of their net distributable profits.

We also acknowledge that these companies' ability to generate robust and predictable cash flows is underpinned by their leading position in their respective market segments and the regulated nature of the operations of most of these Colombian companies. While Emgesa's operations are unregulated, we believe its overall prudent commercial policy helps to offset the cash flow volatility typically associated with power generation activities. However, the BCA of baa3 already incorporates our expectation of no new capital reductions and that these subsidiaries' dividends will moderate going forward amid their implementation of tax optimization strategies; particularly, compared to the material amounts of cash distributed last year (that included distribution pre-payments for this 2015) to reduce the payments resulting after the hike in the equity tax rate at the end of 2014. The accelerated depreciation initiatives are also expected to reduce Codensa's and Emgesa's distributable net income going forward even though the completion of Emgesa's 400MW El Quimbo hydro-plant before year-end will enhance its cash flow generation ability.

CTM's Baa3 rating also assumes that its dividend policy will be prudent and the size of future dividends will take into consideration its current multi-year capex program. It also assumes that EEB along with the majority shareholder ISA will continue providing guarantees for new projects that mitigate CTM's material construction risk.

SLOWLY GROWING RELEVANCE OF THE CONTROLLED SUBSIDIARIES' CASH FLOWS

That said, the BCA and rating assume that the negative impact on EEB's total cash flows will be partially offset by the dividends received from EEB's controlled and other non-controlled subsidiaries.

This is particularly the case regarding cash distributions from TGI. We expect TGI will source the funds for the repayment before year-end of a material portion of the US$569 million debt balance still outstanding under the bank loan executed by IELAH last year. This loan helped EEB fund the acquisition of the 31.92% minority voting stock rights in TGI last year. The repayment will also lower the total incremental debt TGI will assume after its merger with IELAH which is pending the attainment of all the necessary authorizations. Therefore, we anticipate that the repayment will enable TGI to continue recording key credit metrics commensurate with the Baa-rating category, a credit positive for both TGI's and EEB's ratings. Therefore, TGI's dividend distributions this year will be modest but will increase in 2016. TGI's rating also assumes that any new investments to be undertaken will be largely funded with funds raised in connection equity initiatives since there is limited cushion to incur new indebtedness and maintain its Baa3-rating.

Contugas completed last year the project to build a 354km main pipeline and 900km lateral distribution system in order to supply natural gas to an additional 30,000 end-users. However, the actual demand in the region (15-18MCFD) is significantly lower than initially anticipated (32Mmcfd). EEB and Contugas are confident that they will face no challenges in attaining the Peruvian Ministry Resolution to amend the BOOT-agreement in order to reflect the changes following the re-negotiation of the supply agreement with the Camisea consortium. We anticipate Calidda will start distributing dividends albeit limited by its still significant capex program to expand its gas distribution system under a concession agreement covering the departments of Lima and the Province of Callao. TRECSA's PTE-1 electric transmission project in Guatemala records a 55% progress (total capex and opex: US$440 million). Around 25% of the project is already operating with expected revenues in 2015 of US$7 million (2016: US$22 million) that are adjusted to reflect changes in the Producer Price Index. Seven substations (out of the total 19) are currently under construction while the construction of the transmission lines records a 47% progress. It has so far 81% of the rights of way and 100% of the environmental permits. EEB expects to meet the project's commission date in September 2017 that was extended to reflect the challenges faced in attaining the rights of ways in the country's indigenous areas as well as compensation for the additional capital outlays. We understand that TRECSA did not participate in the public auction process to undertake the PTE-2 project.

The BCA and rating acknowledges that EEB also receives steady interest payments in connection with the intercompany loans granted to these subsidiaries, including TGI (US$370 million) and Contugas (US$11.5 million) in 2014.

MATERIAL AMOUNTS OF PARENT-ONLY DEBT DRIVES STRUCTURAL SUBORDINATION CONSIDERATIONS

While the BCA acknowledges EEB's own cash flow generation it also factors that those funds are insufficient to fully cover EEB's aggregate obligations, including interest and expenses incurred in connection with both its own operating activities and its holding company's investment activities. Therefore, the BCA reflects the degree of structural subordination that exists for parent level debt-holders relative to the existing debt outstanding at its various subsidiaries given EEB's material dependence on the dividend and interest payments up-streamed from its controlled and non-controlled subsidiaries to meet its own debt servicing obligations.

The rating is tempered by the significant amount of holding company indebtedness that represented 30% of the consolidated debt at year-end 2014; however, we acknowledge that a significant portion of these debt proceeds were used to fund the intercompany loans to its controlled subsidiaries given EEB's greater access to funding at more competitive market conditions. We anticipate that the parent-only indebtedness will increase during 2015 as EEB incurs new indebtedness to help fund its investments including its new transmission capex in Colombia but also this year's material dividend distribution. That said, the BCA and rating assumes that this parent-only debt will not exceed 40% of the total debt for an extended period of time.

CREDIT METRICS ARE EXPECTED TO REMAIN COMMENSURATE WITH THE RATING CATEGORY

Historically, EEB has been able to record credit metrics that were very robust for the rating category. The current BCA and rating anticipates a deterioration in these credit metrics largely as a result of (i) the anticipated reduction in the total amount of dividends received from non-controlled subsidiaries which will be only partially offset by the growing dividends from EEB's controlled subsidiaries and (ii) an increase in the holding company debt to help fund the group's capex but also this year's material dividend distribution mentioned earlier. The material devaluation registered since last year in the Columbian Peso vis-à-vis the US Dollar has also contributed to the deterioration of the group's key credit metrics.

That said, we anticipate that EEB will be still able to record debt to EBITDA that remains below 4.0x, on a normalized basis; that is after considering the one-time effects of the material hike and reduction in 2014 and 2015, respectively, in the distributions received from the non-controlled subsidiaries mentioned earlier. The rating assumes that despite the anticipated deterioration in the credit metrics on both a standalone and consolidated basis EEB will still score well within the Baa-rating category according to the Standard grid guidelines outlined in Moody's Regulated Electric and Gas Utilities ratings methodology. Specifically, that on a standalone and consolidated basis its 3-year CFO pre W/C to debt and interest coverage will average in the mid to high teens and exceed 3.0x, respectively.

As mentioned earlier the BCA and rating also assume that the group's dividend policy that will become comparable to its historical levels; such that its 3-year RCF to debt will hover around the low to mid-teens, on a sustainable basis. It further assigns a low probability to a new reduction in EEB's capital reductions (last in 2010) that would only be pursued in conjunction with its subsidiaries' future capital distributions (also unlikely).

These credit metric ranges further assume that going forward EEB's main source of cash flows will continue to be the dividends up-streamed primarily from regulated utilities and that its exposure to cash flows from unregulated companies will be limited to the dividends received from Emgesa S.A. Should EEB's expansion plans become more aggressive and result in a deterioration of the group's overall business risk profile we would, most likely, reassess the minimum key credit metrics required for retaining the current Baa3 rating.

Liquidity Profile

Similar to other Latin American issuers EEB has no committed credit bank facility in place. This increases EEB's reliance on the capital markets to meet unexpected cash flow shortfalls, a credit negative. As of June 2015, EEB (parent company) held around US$157 million in cash and short term investments. After the material dividend payments in 2014 and 2015 we expect EEB (parent company) will distribute a modest amount next year and be able to record again positive free cash flows (per Moody's definition that considers the dividend payments) in 2016. We expect that the implementation of the liability management operations under considerations will further enhance its debt maturity profile which we currently deem manageable.

Rating Outlook

EEB's stable outlook captures the regulated nature of the operations of most of the group's subsidiaries such that its exposure to cash flows from unregulated companies will be limited to the dividends received from Emgesa S.A. It also factors the visibility of EEB's cash flows that is enhanced by the aggressive dividend policy of its key non-controlled subsidiaries and its transmission operations. It further assumes that the group's investments will further focus on growth opportunities in Colombia and other regional countries with transparent regulatory frameworks. It further anticipates that EEB will fund those investments in a prudent fashion, and maintain a reasonable dividend policy that allows it to report credit metrics that are commensurate with the Baa-rating category.

What Could Change the Rating - Up

The ratings of EEB could experience positive momentum if the ratings of Colombia and the District of Bogota would be upgraded in conjunction with a raise of EEB's BCA. The latter could result if EEB's current material structural subordination softens significantly either in terms of a reduction in its cash dependence from the non-controlled subsidiaries and/or a material reduction of the percentage of parent only indebtedness over consolidated debt. The BCA could be also raised if EEB is able to record more robust key credit metrics for the rating category on a standalone and consolidated basis. Specifically, if its 3-year CFO pre W/C to debt and interest coverage exceeded 22% and 5x, respectively, on a sustainable basis.

What Could Change the Rating - Down

EEB's rating is likely to be downgraded if the ratings of Colombia and/or the District of Bogota experience negative momentum. The BCA could be lowered if Moody's perceives a deterioration in the Colombian regulatory environment, and/or increase in the structural subordination considerations; for example, if EEB's parent only indebtedness represents more than 40% of the consolidated indebtedness on a sustainable basis. An aggressive dividend policy and/or investment program that results in incremental indebtedness above Moody's current anticipated levels that is likely to also result in a lower BCA. Expansion initiatives that increase the group's exposure to unregulated operations and/or less transparent regulatory environments are likely to also have a negative impact on the BCA. Failure to significantly reduce EEB's current foreign exchange risk exposure before year-end would likely also result in a downgrade.

Other Considerations

Currently, almost 100% of EEB's indebtedness is denominated in US dollars. Following the expiration in November 2014 of EEB's swaps the issuer is not fully hedged against foreign exchange risk, a credit negative. An important rating assumption is that this exposure will be eliminated following the implementation before year-end of liability management initiatives that could result in refinancing a portion of its indebtedness in local currency.

EEB has historically mitigated its foreign exchange risk exposure using a combination of financial derivatives as well as natural hedges. The natural hedges consider the indexation for the first 25 years of operation of a portion of its transmission revenues to US$ (post-2000 assets) as well as the interest payments received under the intercompany loans (TGI: 6.125% US$370 million). Moreover the revenues of Calidda and around 60% of TGI's revenues (60%) are indexed to US$ while the latter has executed hedges to offset its remaining foreign currency risk exposure. TRECSA's tariffs also consist of a pre-agreed annuity in US$. As a result,, EEB calculates that 60% to 65% of its consolidated EBITDA is denominated in or indexed to US dollars.

Moody's evaluates EEB's BCA mainly relative to Moody's Regulated Electric and Gas Utilities methodology published in December 2013. Moody's uses the Standard grid as opposed to the low business risk to reflect the material dependence from the dividends from non-controlled subsidiaries. The issuer's indicated BCA rating based on both historical and projected standalone and consolidated credit metrics is ba1/baa3.

Rating Factors

Empresa de Energía de Bogotá S.A. ESP. (EEB)

Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 12/31/2014**		[3]**Moody's 12-18 Month Forward ViewAs of 9/2015**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	Baa	Baa	Baa	Baa
b) Consistency and Predictability of Regulation	Ba	Ba	Ba	Ba
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	Baa	Baa	Baa	Baa
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.6x	A	3x - 4.5x	Baa
b) CFO pre-WC / Debt (3 Year Avg)	23.8%	A	13% - 22%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	7.5%	Ba	9% - 17%	Baa
d) Debt / Capitalization (3 Year Avg)	32.7%	Aa	45% - 55%	Baa
Rating:				
Grid-Indicated BCA Rating Before Notching Adjustment		baa1		baa1/baa2
HoldCo Structural Subordination Notching	-2	-2	-2	-2
a) Indicated BCA Rating from Grid		baa3		baa3/ba1
b) Actual BCA Rating Assigned		baa3		baa3

Government-Related Issuer	Factor
a) Baseline Credit Assessment	baa3
b) Government Local Currency Rating	Baa2
c) Default Dependence	
d) Support	
e) Final Rating Outcome	baa3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2014; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

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