City of VERNON CALIFORNIA

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Vernon Public Utilities Receives "A" Rating from S&P Global Ratings

Vernon, CA – Vernon Public Utilities (VPU) is pleased to share that it recently received an upgraded rating from 'A-' to 'A' with a "stable" outlook from Standard and Poor's Global Ratings (S&P). S&P is a nationally recognized financial rating agency that measures a utility's overall creditworthiness and the ability to seek municipal bond financing.

Public power utilities throughout the United States, including VPU, are reviewed by rating agencies based on factors such as management, financial and operational performance, resource management, governance, and policies, and overall planning.

Higher credit ratings are important indicators for demonstrating strong performance over time — and the rating increase reflects S&P's view of VPU's risk management practices and the ability to demonstrate full cost recovery of sustained load growth from large developments and fleet electrification. The exploration of emerging technologies to diversify future use of the City's power plant, which includes possible integration of clean hydrogen, also played a key role in S&P's financial and operational assessment.

According to the report issued by S&P, "We view VPU's management, policies, and planning as comprehensive and prudent, and senior-level staff as generally strong and proactive. Management and its consultants regularly update the strategic plan and produce a long-term financial forecast and capital plan. The city has improved its financial management policies and procedures over the past several years, adopting new guidelines on long-term planning, reserves, debt management, and interfund transfers, among other areas." VPU's energy risk management policy, adopted in November 2022, "is robust and proactive and more credit-supportive. The rating action reflects our view of the electric system's materially improved financial metrics in fiscal 2024 and fiscal 2025."

S&P further stated that "the stable outlook reflects our expectation that, over the next two years, the electric system will maintain coverage and liquidity metrics near or above projected levels and continue to manage power supply costs to offset the operating risks inherent to the system's almost entirely commercial and industrial customer base."

VPU has a goal of continuing to offer stable and competitive rates while surrounding public power utilities and investor-owned utilities have announced several years of rate increases. S&P noted that “Vernon’s rates are competitive at about 11% below the statewide weighted average basis in 2024 (the most recent information available).”

To learn more, **click here.**

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About Vernon
Founded in 1905, the City of Vernon is the only full-service city in California that provides its residents and businesses with reliable and affordable electricity, water, natural gas, fiber optics services, and has its own Public Health Department. The city is an economic engine to the Los Angeles area and home to approximately 1,800 businesses that provide $1.1 billion in taxable spending into the US economy. Learn more by visiting, www.cityofvernon.org.

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