



RATING ACTION COMMENTARY

Fitch Affirms New York Power Authority Bonds at 'AA'; Outlook Stable

Thu 04 Sep, 2025 - 3:26 PM ET

Fitch Ratings - New York - 04 Sep 2025: Fitch Ratings has affirmed the following New York Power Authority (NYPA or the authority) obligations at 'AA':

--\$1.685 billion senior lien revenue bonds;

--Issuer Default Rating (IDR).

In addition, Fitch has affirmed the following short-term ratings at 'F1+':

--\$950 million maximum authorized commercial paper program;

--\$200 million maximum extendible municipal commercial paper program.

The Rating Outlook is Stable.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
New York Power Authority (NY) [Power Supply System]	LT IDR	AA	Affirmed	AA

New York Power Authority (NY) /Power Supply Revs/1 LT	LT	AA	Affirmed	AA
New York Power Authority (NY) /Self-Liquidity/1 ST	ST	F1+	Affirmed	F1+

VIEW ADDITIONAL RATING DETAILS

The ratings on the NYPA revenue obligations supporting its power supply system and issued under its general resolution reflect very low financial leverage in the context of strong revenue defensibility and a low operating risk profile. NYPA's power supply system generally includes all the authority's operations, except for those financed pursuant to the authority's separately financed transmission project (SFTP), Transmission Project Revenue Bonds (AA-/Stable).

The strength of the power supply system's revenue defensibility is rooted in its extremely low-cost and competitive hydroelectric resources but is constrained by a contractual framework that includes power sales arrangements with expiration dates before the final maturity of its debt, and which may be terminated under certain circumstances. The system's operating risk profile is bolstered by the positive impact of its low-cost hydroelectric resources on its operating cost burden.

NYPA's consolidated financial leverage (including the SFTP), measured as adjusted net debt to adjusted funds available for debt service (FADS), totaled 3.4x in 2024 and remains in line with historical ratios despite additional debt issuance, largely as a result of higher-than-average hydroelectric production, solid margins on energy sales and strong, sustained FADS. Ratios related to the power supply system are even stronger. Liquidity measures across the authority remain robust.

NYPA's consolidated capital plan remains substantial, with major investments in transmission, ongoing updates in the hydroelectric facilities and investments in advanced energy technologies needed to support the state's aggressive clean energy goals. Although leverage is expected to trend slightly higher through 2028, power-system related leverage

should approximate 4.0x even under Fitch's stress scenario, supportive of the current rating.

The 'F1+' rating on NYPA's traditional and extendable municipal commercial paper programs reflects the authority's 'AA' Long-Term IDR and adequate liquidity, both through unrestricted cash balances and available short-term liquidity facilities sufficient to repay commercial paper notes in the event of a failed remarketing.

SECURITY

The senior lien revenue bonds are secured by a pledge of the Trust Estate, including pledged revenues from the authority's operations other than those revenues directly or indirectly attributable to the ownership and operation of the SFTP. Commercial paper notes are subordinate to, and payable after, senior lien debt service payments issued pursuant to the general resolution.

KEY RATING DRIVERS

Revenue Defensibility - 'a'

The strong revenue defensibility of NYPA's power supply system is largely driven by the very strong rate flexibility afforded to the authority through its ownership of the St. Lawrence-FDR and Niagara hydroelectric facilities, two of the lowest-cost generation facilities in the U.S. Stable revenues and margins attributable to transmission services financed under the general resolution further support revenue defensibility. While revenue and margins attributable to energy sales may fluctuate with production levels and market prices, more of the capacity and energy is being sold contractually pursuant to state-sponsored programs, which should also stabilize cash flows going forward.

The credit quality of NYPA's largest customers, including New York City (AA/Stable), the Metropolitan Transportation Authority (AA/Stable) and the Port Authority of New York & New Jersey (AA-/Stable), is also considered. However, the uncertainty related to the authority's contractual framework, given the permissive termination provisions, constitutes an asymmetric rating factor that limits the revenue defensibility assessment.

Operating Risk - 'a'

Low-Cost, Predominately Hydroelectric Operations

Operating risk is low based on the blended cost of NYPA's power supply which factors both its very low-cost hydroelectric resources as well as its higher-cost fossil-fired generation and purchased power, as well as expenses related to the authority's other state-sponsored initiatives. The authority's portfolio of resources remains reasonably diversified, and the performance of NYPA-owned generation remains solid. Performance at the St. Lawrence-FDR and Niagara facilities remained strong in 2024, contributing to hydroelectric generation that was 11% higher than the long-term average.

Capital investments were appropriate and manageable. Capital commitments related to the power supply system and financed under the general resolution are expected to increase, approximating \$2.0 billion through 2028. Capital commitments include upgrades to NYPA's existing generating facilities and the completion of a new office building. Future spending related to electric transmission is earmarked at \$1.55 billion but is expected to be largely financed through the SFTP. Other planned expenditures related to renewable energy development (\$690 million) and projects at the Canal Corporation (\$314 million) will likely be funded separately or supported by third-party funding.

Financial Profile - 'aa'

Very Low Financial Leverage

NYPA's very strong financial profile reflects its very strong coverage ratios, ample liquidity and very low leverage. On a consolidated basis, NYPA's Fitch-calculated debt service coverage ratio exceeded 7x in both 2023 and 2024, and leverage remained below 3.8x. Total liquidity at year-end (YE) was 357 days, including 266 days of cash on hand. Excluding the operations of the SFTP and considering that NYPA has no fixed costs associated with its purchased power agreements, Fitch-calculated leverage was only 0.8x at YE 2024.

In Fitch's rating case scenario analysis, slightly higher leverage ratios are anticipated for both the authority on a consolidated basis and for the power supply system alone, given sustained higher capital spending and future borrowings. The ratios are expected to moderate below 6.0x and 4.0x, respectively, by 2028 in Fitch's stress or rating case and should remain supportive of the current rating. Liquidity is expected to remain robust and supportive of the rating.

Asymmetric Additional Risk Considerations

No asymmetric risk considerations are factored into the rating.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Material reduction in merchant sales margins, higher-than-anticipated capital spending, or political pressure to restore transfers to the state or other state actions that alter NYPA's financial profile;
- Sustained power supply system leverage above 4.0x in Fitch's rating case scenario;
- Sustained consolidated leverage above 6.0x in Fitch's rating case scenario, assuming no change in consolidated revenue defensibility;
- A downgrade of the authority's long-term rating below 'AA-' could potentially result in a downgrade of the short-term rating under Fitch's short-term rating methodology.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Sustained power supply system leverage approaching 2.0x in Fitch's rating case scenario;
- Sustained consolidated leverage below 4.0x in Fitch's rating case scenario, assuming no change in consolidated revenue defensibility.

PROFILE

NYPA is a political subdivision of the State of New York (IDR: AA+/Stable) operating with the fundamental mission to support economic growth throughout New York state by providing low-cost, clean energy and innovative energy infrastructure. In its capacity, the authority provides wholesale power supply and transmission to customers throughout New York state including municipal, rural electric and investor-owned electric utilities, direct industrial users, public corporations, and several out-of-state utilities. NYPA is the nation's largest nonfederal wholesale power provider, with 17 generating facilities across the state, including a new utility-scale battery storage system, and more than 1,550 miles of transmission.

The authority's core assets are the St. Lawrence-FDR and Niagara hydroelectric generating facilities. These run-of-the-river facilities are located in Massena, NY on the St. Lawrence Seaway, and in Lewiston, NY on the Niagara River north of Niagara Falls, respectively. Together, they provide nearly 3,500 MW of the lowest-cost, net-reliable generating capacity in the country to help fulfil its mission. In addition, the authority provides

customers with a range of energy solutions and the development of capital projects such as energy efficiency, distributed generation, advanced technologies and renewable energy.

The authority's subsidiary, the New York State Canal Corporation, is responsible for a 524-mile canal system located throughout upstate New York. NYPA also created and manages the SFTP, a separately financed transmission project to finance certain transmission assets separate from those of its power supply system funded under NYPA's general bond resolution.

Fitch uses consolidated ratios, as well as ratios individually attributable to the SFTP and NYPA's operations excluding the SFTP, to separately assess the risk of obligations funded under the SFTP resolution and the general resolution.

The potential credit ramifications of Governor Hochul's recent directive for NYPA to develop and construct a nuclear plant in New York are not factored into the rating. The authority's precise role and the related risks are yet to be determined.

Sources of Information

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

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PARTICIPATION STATUS

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APPLICABLE CRITERIA

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

[U.S. Public Power Rating Criteria \(pub. 24 Feb 2025\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 ([1](#))

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

New York Power Authority (NY)

EU Endorsed, UK Endorsed

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