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Moody's Ratings revises Dairyland Power Cooperative's outlook to positive from stable; affirms A3 issuer rating

Rating Action | 5 min read | 07 Oct 2025 | Moody's Ratings

New York, October 07, 2025 -- Moody's Ratings (Moody's) has revised the outlook for Dairyland Power Cooperative (DPC) to positive from stable and concurrently affirmed DPC's A3 issuer rating.

RATINGS RATIONALE

The rating affirmation and revision of the outlook to positive reflects the expected continued improvement of DPC's financial metrics, supported by expanding margins despite increasing capital spending. DPC's growing revenue from new customers and invested assets as well as its disciplined cost containment measures will support its financial metrics.

DPC's funds from operations (FFO) to debt increased to 8.6% in 2024 from 7.9% in 2022-23 and 6.3% in 2021, while its equity to



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dependence on thermal generation in its current supply mix. DPC aims to increase its wind and solar capacity to 64% by 2035 from around 16% in 2025. Such transformation exposes DPC to associated execution risks including the affordability and reliability of electricity supply. These risks are somewhat offset by the availability of grants through the New ERA program. DPC's experienced management team should also help mitigate risks associated with carbon transition.

DPC's credit profile considers its all-requirements wholesale power contracts with its electric distribution members through 2066 and its rate setting authority that permits it to set rates at a level sufficient to cover its costs.

DPC's liquidity benefits from stable and predictable operating cash flow and credit lines. It has a \$350 million syndicated bank credit facility due September 2028 with a \$100 million accordion feature and two one-year extension options. DPC also has a \$200 million senior unsecured revolving credit facility due July 2028 with an option to increase commitments by \$100 million. The combined drawn amount was \$55,000 as of September 2025.



RATING OUTLOOK

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UPGRADE OF THE RATING

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Improvement of financial metrics such as FFO to debt above 9% and equity to capitalization greater than 25%, collectively on a sustained basis.
- Significant progress with carbon transition goals while managing affordability and reliability concerns of electricity supply

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Sustained weakening of financial metrics such as FFO to debt below 6% or FFO interest coverage below 2.5 times
- Unexpected issues in executing its carbon transition, including reliability- or market-related challenges

PROFILE

Dairyland Power Cooperative is an electric generation & transmission cooperative established in 1941 and based in La Crosse, Wisconsin. Dairyland supplies wholesale electricity on an all-requirements basis to 24 Class A rural electric member distribution cooperatives, and further serves 27 Class D municipal



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LIST OF AFFECTED RATINGS

Issuer: Dairyland Power Cooperative

..Affirmations:

.... LT Issuer Rating, Affirmed A3

..Outlook Actions:

....Outlook, Changed To Positive From Stable

The principal methodology used in this rating was US Electric Generation and Transmission Cooperatives published in June 2024 and available at <https://ratings.moodys.com/rmc-documents/423471>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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