11 SEP 2026

Fitch Rates Benton County PUD No. 1, WA's Electric Rev and Refunding Bonds at 'AA-'; Outlook Stable

Fitch Ratings - Austin - 11 Sep 2026: Fitch Ratings has assigned a 'AA-' rating to the Benton County Public Utility District No. 1, WA (Benton PUD) $47.5 million electric revenue and refunding bonds, series 2026. The bonds are expected to price via negotiation the week of Sept. 28.

Fitch has also affirmed the outstanding Fitch-rated district revenue bonds and Issuer Default Rating (IDR) at 'AA-'.

The Rating Outlook is Stable.

The 'AA-' rating reflects Benton PUD's very strong financial profile in the context of its strong revenue defensibility and very low operating risk. The strong revenue defensibility assessment is supported by very strong rate flexibility and improving service territory characteristics. The district's transition on Oct. 1, 2023, to a load-following power supply contract with the Bonneville Power Administration (Bonneville; IDR AA/Stable) improved revenue stability and is reflected in the current rating.

SECURITY

Bonds are secured by a lien on the net revenues of the electric system.

KEY RATING DRIVERS

Revenue Defensibility - 'a'

Competitive Wholesale Revenues Decline, Customer Concentration

Benton PUD's exclusive right to provide retail electric service within its service territory supports revenue defensibility but is limited by a customer base that, while growing on average 1.2% annually, exhibits customer and sector concentration. The single largest customer accounts for roughly 11% of revenues and the top 10 account for about 26%. Five irrigation customers provide about 21% of revenue, reflecting the region's reliance on the agricultural sector. Household incomes are strong, but unemployment remains above the national average.

Wholesale revenue, historically accounting for 10%-20% of total revenue, was largely eliminated by the change in contract terms with Bonneville. Wind resources are expected to continue generating less than 1% of wholesale revenue depending on market prices.

The district sets rates independently with no outside regulatory approval and affordability is very strong. The rate structure lacks an automatic power cost adjustment but Bonneville adjusts wholesale power and transmission rates on a consistent, typically biennial schedule, supporting cost stability within the district's budget year. The district implemented a 5% rate increase in 2025 and 2% in 2026.

Operating Risk - 'aa'

Very Low-Cost Hydroelectric Power Supply

Benton PUD's operating risk assessment is driven by its very low operating cost burden, averaging just over 7.5 cents/kWh over the last five years. The district's power supply comes primarily from Bonneville preference power. The contract change from block-and-slice to load-following terms reduced near-term hydro variability risk in the district's power supply, providing greater stability to power supply costs for the remaining term of the existing Bonneville contract and the new Bonneville contract effective Oct. 1, 2028, through Sept. 30, 2044.

Operating cost flexibility is weaker given reliance on a single fuel type. However, this weakness is offset by the competitively priced, long-term predominantly hydroelectric power supply from Bonneville. The district is fully resourced to meet the state's 15% renewable portfolio standard (RPS) with its wind power contracts and Renewable Energy Credits (REC) purchases. The district is also positioned to meet Washington's 2045 carbon-free target, supported by Bonneville's hydroelectric and nuclear resources.

Capital needs are estimated at $129.2 million over the next five years and expected to be funded from reserves, ongoing cash flow from operations, capital contributions and 2026 bond proceeds. The bulk of the district's capex is for distribution due to growth in the service territory. The district's age of plant is 21 years, which indicates potentially high lifecycle investment needs. However, capital reinvestment levels are healthy with capex to depreciation averaging 198% over the last five years.

Financial Profile - 'aa'

Very Low Leverage Expected to Persist

Benton PUD's financial profile has remained consistently very strong with leverage, measured as net adjusted debt to adjusted funds available for debt service, below 5.0x over the last two years. Fitch-calculated coverage of full obligations has been consistently over 1.5x. Unrestricted cash on hand exceeds district policy of 90 days cash on hand and remains neutral to the rating.

In Fitch's base case scenario, leverage is expected to remain in line with historical levels over the five-year horizon. In the stress scenario, which is considered Fitch's rating case, leverage could be slightly higher but is expected to remain below 7.5x. The liquidity profile — cash levels and coverage — is expected to remain neutral over the five-year horizon.

Asymmetric Additional Risk Considerations

No asymmetric additional risk considerations affected the rating.

RATING SENSITIVITIES

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

--Leverage sustained above 8x in Fitch's rating case.

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

--Leverage sustained below 5x in Fitch's rating case;

--Continued improvement in service area characteristics and reduced customer and sector concentration that results in an improved revenue defensibility assessment.

PROFILE

Benton PUD provides retail electric and broadband services in a 927 square-mile service area of Benton County, WA, located in south central Washington, along the border of Oregon. Most of its customer base is located within the cities of Kennewick, Prosser and Benton City.

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.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for Benton County Public Utility District No. 1, WA.

ESG Considerations

The ESG Relevance Score of '2' for GHG Emissions & Air Quality for Benton County PUD varies from the public power sector guidance score of '3' since carbon-free systems (hydro, wind, nuclear, biomass and biowaste, and geothermal) are not significantly exposed to the generation of GHG emissions from operations.

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 https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Fitch Ratings Analysts

Victor Valdez
Associate Director
Primary Rating Analyst
+1 512 813 5650
Fitch Ratings, Inc. 2600 Via Fortuna, Suite 330 Austin, TX 78746

Kathy Masterson
Senior Director
Secondary Rating Analyst
+1 512 215 3730

Dennis Pidherny
Managing Director
Committee Chairperson
+1 212 908 0738

Media Contacts

Katherine Jones
New York
+1 212 908 0823
katherine.jones@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Benton County Public Utility District No. 1 (WA)	LT IDR	AA-	Affirmed		AA-
• Benton County Public Utility District No. 1 (WA) /Electric	LT	AA-	Affirmed		AA-

ENTITY/DEBT	RATING	RECOVERY	PRIOR
System Revenues/ 1 LT			

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◈	◆
STABLE	◘	

Applicable Criteria

U.S. Public Power Rating Criteria (pub.26 Feb 2026) (including rating assumption sensitivity)

U.S. Public Sector, Revenue-Supported Entities Rating Criteria (pub.01 May 2026) (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

Solicitation Status

Endorsement Status

Benton County Public Utility District No. 1 (WA)	EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.Fitch Ratings, Inc. is

registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2026 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

Endorsement policy

Fitch’s international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU Regulation or the UK Regulation, as the case may be. Fitch’s approach to endorsement in the EU and the UK can be found on Fitch’s Regulatory Affairs page on Fitch’s website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.