FitchRatings

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Fitch Affirms Central Iowa Power Cooperative's IDR at 'A'; Outlook Stable

Fitch Ratings - New York - 27 Oct 2026: Fitch Ratings has affirmed Central Iowa Power Cooperative's (CIPCO) Issuer Default Rating (IDR) at 'A'.

The Rating Outlook is Stable.

The affirmation of the 'A' IDR reflects Fitch's expectation that CIPCO's leverage and coverage ratios will remain consistent with a strong financial profile despite plans for a new gas plant and the associated additional debt. CIPCO's strong revenue defensibility reflects its rate-raising autonomy and members that are signed to long-term, all-requirements contracts with an unlimited reallocation of costs if a member defaults. The credit quality of CIPCO's largest members, which Fitch assesses as on the cusp of strong/midrange, limits the revenue defensibility assessment. The rating also reflects CIPCO's strong operating risk profile, supported by a consistently low operating cost burden, a diverse power supply and rising capital spending needs.

SECURITY

CIPCO's IDR reflects Fitch's assessment of the cooperative's relative vulnerability to default on its financial obligations.

KEY RATING DRIVERS

Revenue Defensibility - 'a'

CIPCO's revenue defensibility is strong and reflects the very strong revenue source characteristics of its long-term, take-and-pay all-requirements contracts with 12 rural electric distribution cooperatives and South Iowa Municipal Electric Cooperative Association (SIMECA). Fitch assesses CIPCO's rate flexibility as very strong, reflecting the cooperative's autonomous rate-setting ability.

The aggregate member credit quality of CIPCO's largest members is strong/midrange, reflecting adequate financial performance but high leverage and mixed liquidity metrics. Although CIPCO's members maintain autonomous rate-setting ability, member retail rates generally remain higher than neighboring utilities due to the rural nature of the service territory.

Some customer concentration exists among CIPCO's largest members, and several members have significant expected load growth associated with certain large load customers as well as interruptible cryptocurrency loads. Fitch believes the credit provisions implemented by CIPCO and its members help mitigate risks associated with serving these loads. We do not expect the introduction of these loads to

weaken the assessment of aggregate credit quality.

Operating Risk - 'a'

CIPCO's strong operating risk assessment is supported by the utility's track record of delivering a consistently low-cost, diversified power supply to its members. CIPCO recently sold its ownership share in the Duane Arnold Energy Center (DAEC) to NextEra, which has plans to restart the reactor in conjunction with serving a new large load associated with Google. Restart costs will be borne solely by NextEra. As part of the agreement, NextEra will sell a portion of the energy to CIPCO under a long-term power purchase agreement (PPA), with the remainder sold to Google under a 25-year term.

In addition to the nuclear PPA, CIPCO expects to add 100 MW of solar and a 240 MW natural gas-fired peaking facility to its power supply portfolio. The County Board of Supervisors has jurisdiction over the site of the proposed peaking facility and recently rejected an ordinance amendment that would have permitted construction. CIPCO has filed an application with the Iowa Utilities Commission for an approval that would allow construction to proceed, but the rejection of the ordinance amendment could delay the project.

CIPCO's operating cost flexibility is neutral to the operating risk profile given the utility's diversified power supply, which includes an ownership interest in coal-fired capacity. The utility relies on capacity purchases to meet load requirements, introducing some exposure to variable market pricing, but this exposure should decline with the addition of the solar, nuclear, and natural gas resources. Fitch assesses CIPCO's capital planning and management as very strong, reflecting the utility's average plant age of 11 years. Planned capital spending is elevated relative to historical levels, but Fitch expects it to remain manageable. The capital improvement plan (CIP) totals about $600 million through 2030 and includes costs for constructing the new natural gas plant.

Financial Profile - 'a'

CIPCO's strong financial profile reflects historically strong, though volatile, performance. Improved operating cash flows have supported modest deleveraging, with 2025 leverage of 6.0x down from about 8.0x in 2021 and 2022. Fitch expects leverage to increase to between 7.0x and 8.0x as the utility finances the majority of its capital plan with debt. In Fitch's rating case, leverage peaks in 2029 as construction concludes, then improves in subsequent years to levels consistent with the financial profile assessment.

Coverage and liquidity are likely to remain in line with historical levels. Fitch believes CIPCO has ample flexibility to respond to deteriorating financial metrics through timely rate adjustments or by delaying some planned capital investments, which supports modest rating headroom.

Asymmetric Additional Risk Considerations

No asymmetric additional risk considerations affected this rating consideration.

RATING SENSITIVITIES

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

-- Sustained increase in leverage above 8.0x in Fitch's rating case;

-- Expectations for sustained material capacity purchases that heighten exposure to greater operating cost variability or a higher operating cost burden.

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

-- Sustained declines in leverage below 6.5x in Fitch's rating case;

-- Sustained decline in operating cost burden that leads to an improved operating risk profile assessment;

-- Improvement in the aggregate credit quality of the largest CIPCO members, which results in an improvement in the utility's revenue defensibility assessment.

PROFILE

CIPCO is Iowa's largest cooperative energy provider, supplying power to 12 rural electric cooperatives and one association of municipal utilities. The members, in turn, provide power across central and southern Iowa, encompassing 58 of the state's 99 counties and serving approximately 300,000 residents.

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 Climate.VS for 2035 is 57. The elevated risk primarily reflects the transition risk associated with the cooperative's ownership of its coal-fired units. The transition risk identified by the Climate.VS is expected to decline with the addition of new resources and, if necessary, by assessing available options for continued plant operations. The transition risk could increase costs over time but does not currently influence the rating.

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

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Central Iowa Power Cooperative (IA)	LT IDR	A	Affirmed		A
• Central Iowa Power Cooperative (IA) /Issuer Default Rating -	LT	A	Affirmed		A

ENTITY/DEBT	RATING	RECOVERY	PRIOR
	Electric/ 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, v3.1.2 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Central Iowa Power Cooperative (IA)	EU Endorsed, UK Endorsed

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