

- 1 **Q. Please confirm that S&P will not rate an operating subsidiary's debt higher than the**
2 **parent unless there are exceptional reasons, such as ring fencing the sub.**
3
- 4 A. While it is generally true that an operating subsidiary's S&P credit rating is closely tied
5 to its parent company unless there are significant ring-fencing provisions in place that
6 separate the operating utility from its parent, the same is not true for Moody's Investors
7 Service credit ratings, which more directly reflect the business and financial risk profile
8 of the operating utility.