expansion of its portfolio and we expect cash distributions to increase once the projects are on line. Under our base-case assumptions, cash flow available for debt service to debt averages 16% through 2018, cash flow available for debt service to interest coverage averages 2.3x, and debt as a percentage of total capitalization averages about 56%.	
Calpine Corp. (B+/Stable/--)	
We do not expect to revise Calpine's "fair" business risk profile and highly leveraged financial risk profile over the next two years unless natural gas prices decline substantially from already currently low levels, which we view as unlikely. Our expectations that natural gas prices will stay at or near current levels over the next two years lead us to conclude that Calpine's natural gas portfolio will continues to operate near current capacity factors over the same period. We expect financial performance to be stable over the next two to three years--FFO to debt of 5% to 6%, and debt to EBITDA around 7x. We also expect positive free cash flow over the period, as well.	Terry A. Pratt
Edison Mission Energy (CCC/Negative/--)	
Recapitalization risk at EME remains very high, given the inability of the curennt portfolio to generate enough cash to meet environmental capital spending, interest expense, and debt maturities through 2013. While EME has about $900 million balance-sheet cash and is to be paid substantial sums in the next three years under a tax allocation agreement with parent Edison International, we think it unlikely that EME would use its cash to meet debt service obligations and use it instead to accomodate a restructuring event. Edison International has noted that EME does not have the liquidity to meet obligations through 2013 and may also have to reformulate the lease at Midest Generation given the contractual linkage involving EME's financial performance in that structure.	Terry A. Pratt
Energy Future Competitive Holdings Co. (CCC/Negative/--)	
See Energy Future Holdings Corp.	Terry A. Pratt
Energy Future Holdings Corp. (CCC/Negative/--)	
Refinancing risk of about $3.8 billion 2014 and $16 billion in 2017 remains the key and increasing challenge with persistent low natural gas prices. Recapitalization appears increasingly likely, at least at the Texas Competitive Electric Holdings (TCEH) level. Industry sentiment is that natural gas prices need to be around $7 per million Btu (mmBtu) to refinance on reasonable terms. Our natural gas price assumption for 2014 is just $3.50/mmBtu, escalated with inflation thereafter. We expect EBITDA to decline from past levels toward year-end 2013 as legacy hedges roll off during the year. Energy Future Holdings (EFH) will use proceeds from a recent $750 million offering at Energy Future Intermediate Holding (EFIH) to pay down EFH intercompany obligations to TCEH.	Terry A. Pratt
Exelon Corp. (BBB/Stable/A-2)	
Low natural gas prices and a delay in environment rules related to plant retirements have resulted in declining gross margins, which has affected Exelon's financial performance in 2012 and is expected to increasingly do so through 2015. If the commodity headwinds continue, the company will have to address its declining earnings profile by reducing capital spending and may have to reconsider its dividend payout to maintain current ratings. We expect Exelon's FFO to debt to remain between 21% and 23% thru 2015. Liquidity is sufficient and there are no significant maturities until 2014.	Aneesh Prabhu, CFA, FRM
Exelon Generation Co. LLC (BBB/Stable/A-2)	
See Exelon Corp.	Aneesh Prabhu, CFA, FRM
FirstEnergy Solutions Corp. (BBB-/Stable/--)	
Despite good operational progress, FirstEnergy Solutions' financial performance continues to remain pressured, with FFO to debt expected to decline to 14.5% in 2012 from 16% in 2011 due to weak market conditions. The company has deactivated almost 2,700 MW of coal-fired merchant generation, providing it with added flexibility for its remaining environmental capital spending and potentially higher capacity pricing in its markets. However, a recent decline in market heat rates and our expectation of lower capacity pricing in the ATSI region could pose near-term challenges. We are also monitoring retail margins given increasing competition in Ohio and Illinois. Headwinds continue from the low market price for electricity that have further flattened the forward power price curve. For consolidated financial information, see FirstEnergy Corp.	Aneesh Prabhu, CFA, FRM
GenOn Americas LLC (B-/Watch Pos/--)	

See GenOn Energy Inc.	Terry A. Pratt
GenOn Energy Holdings Inc. (B-/Watch Pos/--) See GenOn Energy Inc.	Terry A. Pratt
GenOn Energy Inc. (B-/Watch Pos/--) The potential improvement in GenOn Energy's rating reflects the planned merger with NRG Energy Inc. (BB-/Watch Neg/--), which has a higher rating due to its superior business position and financial performance than GenOn. GenOn's stand-alone financial performance has been weak due to low power prices for its mostly coal-fired plants. GenOn is shuttering some coal plants that have become uneconomic due to market signals and to the cost of capital spending for emissions control that could be difficult to recovery at a time of low prices. GenOn has large cash balances--much higher than peers--that can help offset further erosion in market prices, but it would likely use a large part of the cash to perform some recapitalization under the merged entity between GenOn and NRG Eneregy.	Terry A. Pratt
GenOn REMA LLC (B-/Watch Pos/--) See GenOn Energy Inc.	Terry A. Pratt
InterGen N.V. (BB-/Negative/--) A combination of languishing power demand, an increase in renewable generation, and disappointing carbon pricing have resulted in declining spark spreads in InterGen's major markets. Performance of key units such as Coryton in the U.K. and Rijnmond in the Netherlands has been below expectation. Excluding the gains from settlement of cross-currency swaps, the debt service coverage ratio (DSCR) for the trailing 12 months ended June 30, 2012 was 1.62x compared with 1.73x for year-end 2011. With higher market exposure from 2013, we expect coverage to be more sensitive to a decline in spark spreads. Given depressed spark spreads, the DSCR is likely to trend lower, which is pressuring ratings, in our opinion.	Aneesh Prabhu, CFA, FRM
Midwest Generation LLC (CCC/Negative/--) Ratings on Midwest Generation are the same as those of parent Edison Mission Energy.	Terry A. Pratt
NRG Energy Inc. (BB-/Watch Neg/--) While market conditions have worsened, NRG's hedges have protected cash flow and should continue to do in the near term. Financial performance is adequate for the rating. We expect FFO to debt to hover around 14% in 2012. While risks exist if prices continue to remain low, the Texas retail business serves as a natural hedge. Potentially higher scarcity pricing (or capacity pricing, through a formal capacity market), could also result in higher revenues. Generation is hedged 99%, 84%, and 61% for the 2012-2014 period. The company's liquidity is comfortable for upcoming debt maturities and capital spending. NRG is free cash flow positive, an important consideration in our financial risk profile assessment.	Aneesh Prabhu, CFA, FRM
NextEra Energy Capital Holdings Inc. (A-/Stable/A-2) NextEra Energy Capital Holdings directly funds the unregulated arm of NextEra Energy Inc. (NEE) and is effectively equivalent to the parent holding company. Electric generator and marketer NextEra Energy Resources conducts NEE's unregulated activities. Ratings reflect the strength of NEE subsidiary Florida Power & Light's (FP&L) utility operations. The business profile is evenly divided between Resources and FP&L. Resources' higher-risk merchant energy businesses and an unrelenting appetite for growth there hamper credit quality despite the well-positioned "clean" (i.e., low-carbon) portfolio of assets (mostly wind, natural gas, and nuclear) and a consistent approach in managing commodity and market risk.	Todd A. Shipman, CFA
PPL Energy Supply LLC (BBB/Stable/A-2) Depressed wholesale market prices for electricity and natural gas have squeezed the margins for PPL Energy Supply. The FFO coverage of debt and interest declined to 22% and 4.5x, respectively, for the 12 months ended June 30, 2012 from 31.5% and 5.0x for the 12 months ended Dec. 31, 2011. We expect FFO to debt at about 21% in 2012. Yet, ratings are predicated on the consolidated credit profile of parent PPL Corp. We expect PPL's financial measures, including ratios of debt to EBITDA, FFO to debt, and debt to capital, to range in the "aggressive" category of our financial risk profile.	Aneesh Prabhu, CFA, FRM
Public Service Enterprise Group Inc. (BBB/Positive/A-2) PSEG continues its march toward making regulated operations a greater proportion of all operations by continuing to build its transmission and distribution business. However, it faces credit headwinds with a decline in basis premiums in the eastern PJM region as a result of switching to gas from coal. As power and	Aneesh Prabhu, CFA, FRM