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S&P Credit Rating Model: Water/Sewer Credit Scoring.

Standard & Poor's Ratings Services uses the results of its Water/Sewer Credit Scoring Model to perform standardized credit analysis for assigning water and sewer ratings based on its criteria methodology.

Purpose Of The Model

Standard & Poor's criteria, " U.S. Public Finance Waterworks, Sanitary Sewer, And Drainage Utility Systems: Rating Methodology And Assumptions", published Jan. 19, 2016, explains our methodology for assigning issue credit ratings, issuer credit ratings (ICRs), and ratings derived from stand-alone credit profiles (SACPs), based on waterworks, sanitary sewer, and drainage utility revenue pledges of local and regional governments (LRG) in the U.S. The Water/Sewer Credit Scoring Model applies the criteria methodology. By standardizing the calculations and inputs used in our analysis, the model provides for the consistent application of the referenced criteria.

The model is used to perform credit analysis for new issuance and surveillance of ratings assigned to waterworks, sanitary sewer, and drainage utility systems of a U.S. municipality or comparable political subdivision, and whose debt is secured by revenues derived chiefly from user charges for the ongoing operations of drinking and/or raw-water sales, sanitary sewer collection, and/or treatment, and/or storm drainage systems, or some combination thereof, directly to the end (retail) customer.

Use of the model is intended to enhance comparability across sectors and improve transparency and consistency in deriving ratings. The model is also used whenever analysis is needed to derive credit assessments or credit estimates.

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