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Fitch U.S. Water and Sewer Utilities Rating Criteria Revision.

To more clearly communicate credit opinions and facilitate a more forward-looking, predictable approach to ratings, Fitch Ratings has revised its U.S. Water and Sewer Rating Criteria. These revisions will facilitate a more forward-looking, predictable approach to ratings and better highlight differences among credits in the same category.

Anticipated Rating Impact is Limited

Assuming current credit characteristics are maintained, Fitch estimates approximately 10% of the ratings covered by the criteria will be affected, with slightly more upgrades than downgrades anticipated. Criteria-driven rating changes will be dependent on the finalization of criteria after assessing comments received during the exposure draft period.

Experienced Analytical Judgment

Fitch's ratings will continue to be based on the judgment of a team of experienced analysts, rather than on weighted assessments or model-based outcomes.

Subfactor Assessments More Focused

The subfactor assessments relating to the three key rating drivers have been refined to provide an enhanced focus on elements most important in determining credit quality.

Clearer Communication of Credit Opinions

The goal of the revised criteria is to communicate Fitch's credit analysis more clearly, presenting both high-level categorical assessments of key rating drivers along with well-defined opinions about both rating conclusions and the underlying fundamentals.

Rating Changes More Predictable

The revised criteria more clearly define and communicate Fitch's expectations of the range of performance.

New Through-the-Cycle Tool

Known as FAST, this tool highlights how cycles affect utilities differently, and will be publicly available with a select group of issuer data during the criteria comment period.