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## **Dallas, Texas: Fitch New Issue Report**

Key Rating Drivers Revenue Defensibility: 'aa'; Very Strong Rate Flexibility; Expansive Service Area: The system's revenue defensibility is supported by DWU's extensive service area that includes the city and much of the neighboring suburban communities on a wholesale basis. The city anchors the large and diverse Dallas-Fort Worth regional economy. Rate increases have been regular and measured, yet rates remain low relative to other large utilities both within and outside of the state. The assessment is further supported by the monopolistic nature of DWU's revenues and its legal independent authority to raise rates. Operating Risk: 'aa'; Very Low Operating Cost Burden: DWU's operating risk assessment reflects its very low operating cost burden and favorable life cycle ratio. DWU continues to invest in system maintenance to address aged facilities while also investing in additional water resources in partnership with TRWD. Financial Profile: 'aa'; High Leverage Driven by High Capital Investment and Pipeline Partnership Project: The system's leverage remains somewhat elevated due to inclining debt and reduced FADS. Based on planned debt issuances over the next few years, which include obligations associated with the final phase of the IPL, leverage is expected to remain around 9.0x. The liquidity cushion and coverage of full obligations (COFO) are sound and considered neutral to the assessment.

### **ACCESS REPORT**

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