

# **Bond Case Briefs**

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## **Lower Colorado River Authority Transmission Services Corp., Texas: Fitch New Issue Report**

The 'A+' rating reflects the strong financial profile of Transmission Services Corp. (TSC) in the context of its very low operating risk and the strength of its regulated revenue framework in the ERCOT market, in which TSC operates. Transmission revenues are regulated by the Public Utility Commission of Texas (PUCT) and collected from all retail customers within ERCOT. The largest utilities contributing to TSC's transmission revenues have a collective midrange purchaser credit quality and consist primarily of the largest electric utilities operating within the state. Leverage (measured by net adjusted debt to adjusted funds available for debt service) remained consistently in the range of 8.0x over the last decade, despite large additional capex investments in new and existing transmission assets, primarily funded from new debt. The regulatory process in ERCOT allows capex additions to be included in the transmission tariff in a timely manner, allowing revenues to keep pace with the increased debt costs.

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