

Bond Case Briefs

Municipal Finance Law Since 1971

Lubbock, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Very Favorable Service Area; Some Affordability Pressure: The overall service area assessment considers the very strong customer growth and unemployment rates, as well as household income figures that trail state and national averages. Affordability is incrementally pressured due to moderately elevated rates, and the aforementioned lower-than-average income metrics. The service area is home to Texas Tech University (TTU), which adds to the region's economic stability. Operating Risk: 'aa'; Very Low Operating Cost Burden; Manageable Capital Needs: Historical capital investment has been sound, as reflected by the system's very low life cycle ratio. Operating costs are very low despite the exposure to a wholesale supplier, which represents 60% of water supply. Financial Profile: 'aa'; Improving Leverage; Stable Financial Margins: The system's debt amortization and manageable capital spending contribute to the currently very low leverage. Liquidity and coverage of full obligations (COFO) are sound, and thus neutral to the financial profile assessment.

ACCESS REPORT

Thu 09 Feb, 2023