

Bond Case Briefs

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Victoria, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Favorable Service Area Characteristics; Affordable Service Costs: Revenues are derived entirely from the system's exclusive right to provide retail water and sewer service within the service area. Service area characteristics are favorable with midrange growth, income and unemployment attributes. The system has independent rate-setting authority, and rates are affordable for the vast majority of the population. Operating Risk: 'a'; Very Low Operating Cost; Life Cycle Ratio Increasing: The operating risk assessment is supported by the system's very low operating cost burden, although the system displays elevated investment needs with a high life cycle ratio of 53% in fiscal 2021, up from 43% in fiscal 2017. Estimated capital spending over the next five years focuses primarily on renewal and replacement. Financial Profile: 'aa'; Very Strong Financial Profile: The system's very strong financial profile is supported by decreasing leverage over the last five fiscal years, largely attributable to rapid debt amortization. Leverage will increase slightly in Fitch's scenario analysis from the current 2.9x but remain supportive of the assessment. Fitch expects the liquidity profile to remain neutral to the assessment.

ACCESS REPORT

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