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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 the Lower Colorado River Authority Transmission Services Corp., Texas (LCRA TSC) in the context of its very low operating risk profile and the strength of its regulated revenue framework in the Electric Reliability Council of Texas (ERCOT) market, in which TSC operates. Transmission revenue is regulated by the Public Utility Commission of Texas (PUCT) and collected from all retail customers within ERCOT. The regulatory framework provides a consistent and dependable cost recovery methodology and rate of return. Leverage, measured by net adjusted debt to adjusted funds available for debt service, was between 8.0x and 9.0x over the last decade, despite large additional capex investments in new and existing transmission assets, primarily funded from new debt.

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