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Chicago, Illinois: Fitch New Issue Report

The city retains the legal authority to adjust rates as needed without external oversight. Fitch Ratings considers the monthly residential sewer bill affordable for about 87% of the service area population based on standard monthly usage of 6,000 gallons. In fiscal 2022, the system's operating cost burden was considered very low at \$1,003 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 22% in fiscal 2022. Capex relative to depreciation has been robust, averaging 320% over the past five fiscal years from 2018 to 2022. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio. The system had very low leverage of 9.9x as of fiscal 2022. This is in line with historical performance where leverage has typically registered between 9.8x and 9.9x annually since fiscal 2018. A brief uptick to 11.1x in fiscal 2020 reflected rates that increased with modest inflation, fluctuating pension obligations and related expenses.

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