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San Antonio (TX): Fitch New Issue Report

The ‘AA’ bond ratings along with the ‘aa’ Standalone Credit Profile (SCP) reflect SAWS’ combined water and sewer system’s (the system) very strong revenue defensibility assessment of ‘aa’, supported by its fundamental role as the sole water and sewer service provider to a broad service area with very favorable demographic trends. Its very strong operating risk assessment of ‘aa’ incorporates ample and diversified water supplies, a very low operating cost burden and strong levels of capital investment. The system’s leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), measured 6.0x in fiscal 2023 (FYE Dec. 31), up slightly from the prior year’s level of 5.9x. The increase was the result of a residential rate decrease, which was mostly revenue neutral (less than 2% decline from year prior) because of offsetting rate increases to other customer classes, in conjunction with an increased debt burden. The revision of the Outlook to Stable from Positive reflects an updated view on the system’s leverage, which is now expected to modestly exceed 7.0x in upcoming years. After the residential rate decrease in fiscal 2023, rates were further held flat in fiscal 2024 compared to previous expectations that incremental adjustments would be implemented beyond fiscal 2023.

Access Report

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