Bond Case Briefs

Municipal Finance Law Since 1971

Fitch Ratings Updates U.S. Water and Sewer Rating Criteria.

Fitch Ratings-Austin-17 February 2026: Fitch Ratings has revised its criteria for U.S. water and sewer utilities, updating and replacing the criteria from February 2025. The updated criteria report describes Fitch's methodology for assigning new ratings and monitoring existing ratings for U.S. municipal and not-for-profit water and sewer utilities (including wastewater and stormwater). Notable revisions that Fitch has made include:

–Updated operating cost burden thresholds to adjust for rates of inflation and to ensure accurate comparative evaluation. Periodic updates to the thresholds to recognize changes in sector-wide costs are likely to continue going forward.

–Inclusion of language clarifying when capital planning and management may be more influential in the assessment of operating risk than operating cost burden.

–Confirmation that when factors suggest that an entity's financial profile may be higher or lower than suggested by the Rating Positioning table, alternative operating, financial and liquidity metrics, along with attribute assessments, may be considered in determining the financial profile assessment and rating.

–Inclusion of secondary coverage metrics that may used as additional guidance when assessing the credit quality and financial profile of entities where debt balances and leverage metrics are, or are expected to be, temporarily distorted, including as a result of an entity's capex profile and its position within the capital life cycle.

The key elements in the updated criteria remain consistent with the prior version. The update has not resulted in any changes to outstanding ratings, and Fitch has not placed any credits Under Criteria Observation.

The updated criteria report is available at www.fitchratings.com

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com