

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's affirms Madison, WI's Aa2 sewer revenue rating; outlook stable**

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25 Nov 2019

New York, November 25, 2019 -- Moody's Investors Service affirms the Aa2 rating on the city of Madison, WI's outstanding sewer revenue debt. The outlook has been revised to stable from negative.

#### RATINGS RATIONALE

The Aa2 rating reflects the system's stable customer base that includes the Wisconsin (Aa1 stable) state capital and the University of Wisconsin's flagship campus, healthy debt service coverage supported by unlimited rate setting authority, strong liquidity and a modest debt profile.

#### RATING OUTLOOK

The stable outlook reflects our expectation that the utility's debt service coverage and available liquidity will remain sound, given its unlimited rate setting authority and a stable customer base anchored by the significant institutional presence provided by the University of Wisconsin and the city's role as the state capital.

#### FACTORS THAT COULD LEAD TO AN UPGRADE

- Material expansion of the customer base
- Strengthened debt service coverage levels

#### FACTORS THAT COULD LEAD TO A DOWNGRADE

- Contraction of the system's customer base
- Weakening of system liquidity or debt service coverage
- Significant weakening of the city's or water enterprise's credit profile

#### LEGAL SECURITY

Debt service is secured by a senior lien on the net revenues of the sewer utility.

#### USE OF PROCEEDS

Not applicable.

#### PROFILE

The utility provides wastewater collection to 68,843 customers within the city of Madison (Aaa stable).

#### METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt published in October 2017. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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