

West Valley Water District, CA's 2016A Water Revenue Refunding Bonds Assigned 'AA-' Rating

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SAN FRANCISCO (S&P Global Ratings) Dec. 12, 2016--S&P Global Ratings assigned its 'AA-' long-term rating to West Valley Water District, Calif.'s series 2016A water revenue refunding bonds. The outlook is stable.

"The rating reflects, in our opinion, the combination of a strong enterprise risk profile and an extremely strong financial risk profile," said S&P Global Ratings credit analyst Tim Tung.

The enterprise risk profile reflects our view of the water system's:

- Service area participation in the broad and diverse San Bernardino-Riverside-Ontario metropolitan area economy;
- Very low industry risk as a monopolistic service provider of an essential public utility;
- Strong market position based on rate affordability, but weakened somewhat in the context of the county's elevated poverty rate; and
- Good operational management practices and policies.

The financial risk profile reflects our view of the water system's:

- Historically strong financial performance that we anticipate will be sustainable during the next four fiscal years;
- Very strong liquidity position that is justified by an adopted reserve

policy that we view as robust;

- Manageable capital plan that does not require any borrowing in the near term although leverage may be used as a funding source in the medium term; and
- Good financial management practices and policies.

The district is issuing the series 2016A bonds to restructure its annual debt service payments, reducing annual debt service by 40% to about \$1.5 million annually from \$2.4 million in fiscal year 2017, while extending the final maturity by 12 years to 2046.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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