

MOODY'S

RATINGS

Rating Action: Moody's Ratings upgrades the City of Winter Park, FL Electric Enterprise's revenue debt rating to Aa3

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New York, November 07, 2024 -- Moody's Ratings (Moody's) has upgraded the City of Winter Park, Florida's rating on electric enterprise revenue debt to Aa3 from A1. As of the end of fiscal 2023 the enterprise had approximately \$47 million in debt outstanding. The stable outlook was removed

RATINGS RATIONALE

The upgrade to Aa3 reflects Winter Park's electric enterprise's strong rate management practices and high service area incomes, somewhat offsetting the enterprise's typically narrow liquidity. Management's use of a fuel cost stabilization fund allows for rate setting flexibility while maintaining rates competitive with both public and private providers in Florida. The enterprise's profile is also strengthened by high annual debt service coverage and low debt to revenue, which will remain strong as capital needs are financed within the enterprise's operating budget.

While Winter Park is exposed to elevated environmental risk exposure, the city has been working long term to underground its distribution network as a mitigation effort. The budget for the undergrounding project, typically between \$7-8 million annually, also affords additional financial contingency for operations through deferral if necessary. Further upward pressure may be considered if the enterprise maintains its current liquidity of over 100 days cash on hand while continuing to complete its capital plan.

RATING OUTLOOK

Outlooks are not assigned to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Significant improvement in liquidity relative to expenses

- Improvement in remaining life of capital assets

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Deterioration of liquidity
- Contraction of service area, system size and/or service area wealth

LEGAL SECURITY

Debt service on the electric revenue bonds is payable from net revenues of the city's electric utility.

PROFILE

Winter Park's electric enterprise provides electric transmission and distribution to the City of Winter Park (Aa1), located in Orange County (Aaa stable), northeast of Orlando (Aa1 stable). The city's population is approximately 30,000.

METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/416489>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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