



Pend Oreille County Public Utility District

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PUD Prepares for Future and Improves Bond Ratings

NEWPORT, WA – Moody’s Investors Service has improved the outlook on its rating for Pend Oreille County Public Utility District to “stable” due to the PUD actively mitigating potential risk and building strong financial reserves.

“The outlook revision, and ratings affirmation at Baa2 and ratings assignment at Baa2 reflects our belief that Pend Oreille County Public Utility District has implemented appropriate risk mitigation measures in response to the potential shutdown of its largest customer,” stated Moody’s in its press release. “The utility has also established a financial buffer, building up a strong liquidity position in excess of 300 days cash on hand and holding its debt ratio below 50%. These financial safeguards are supportive of the utility’s credit profile.”

Each year the PUD hires two agencies to provide an independent credit rating. The credit rating helps investors determine the financial strength of the entity.

“These ratings are similar to a personal credit score, a higher rating results in lower interest rates and thus lower payments on our bonds,” said April Owen, PUD Director of Finance/Auditor.

Among the PUD’s required mitigation efforts in its federal license to operate Box Canyon Dam is the construction of an upstream fish passage facility at Box Canyon. The completion date is expected to be in late October 2018, with anticipated costs at approximately \$36 million. To date, the PUD has expended \$26 million, which is partially funded through a line of credit with KeyBank National Association. The PUD plans to sell bonds in the fall of 2018 to repay the line of credit.

Initial downgrades of the PUD ratings were attributed to the uncertainty of Ponderay Newsprint Company's (PNC) lawsuit against the PUD. The downgrade had no impact on any of the PUD’s current outstanding bonds. Fitch Ratings will be meeting with the PUD in the upcoming weeks to conduct their bond rating. Fitch last affirmed the PUD at A- with a revised outlook of stable in March 2018 following the settlement with PNC.

About Pend Oreille County Public Utility District

Pend Oreille County Public Utility District was established in 1936 and began operations in 1948. The PUD is governed by three locally elected Commissioners. A General Manager and staff operate the utility within policies set by the Board of Commissioners. The PUD has four operating systems: The electric system distributes electricity to the county, the production system produces power from the Box Canyon Hydroelectric Project, the water system consists of nine individual water distribution subdivisions, and the community network system provides wholesale broadband communication services. For more information visit: <http://popud.org>.