



FOR IMMEDIATE RELEASE

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S&P UPGRADES RATING FOR CITY OF AZUSA ELECTRIC BONDS AS OUTLOOK REMAINS STABLE
City's Newest Rating Action Reflects the Utility's Strengthening Financial Profile

AZUSA – The City is pleased to announce that Standard & Poor's Global Ratings has raised its rating on Azusa's electric system revenue bonds from 'A+' to 'AA-'. At the same time, S&P Global Ratings raised its long-term rating and underlying rating (SPUR) on the California Resource Efficiency Finance Authority's (FARECal) series 2003 certificates of participation, issued on behalf of Azusa, from 'A+' to 'AA-'. The outlook is stable.

“The rating action reflects the utility's strengthening financial profile, as demonstrated by its improving fixed-cost coverage levels. Coverage has improved following the roll-off of Southern California Public Power Agency (SCPPA) debt, for which Azusa was obligated to pay a fixed annual amount.” States the S&P report. The electrical system serves about 17,000 customers, and its service area encompasses the City's nine-square-mile incorporated area.

S&P's view of the Electric System's enterprise risk profile that led to the upgrade includes:

- Strong service area economic fundamentals, reflecting a stable and diverse customer base with strong income levels, coupled with the service territory's general resiliency in the face of the COVID-19 pandemic and recessionary pressures;
- Extremely strong industry risk relative to other industries and sectors;
- Very strong market position, with average electric system rates below those of the state; and
- Strong operational management assessment, reflecting the system's robust financial management practices and policies and diverse power supply portfolio, tempered by its exposure to California's stringent regulatory environment.

“We are pleased to see that our discipline in all of the City's financial policies is being reflected in an improvement to our credit rating,” said Sergio Gonzalez, City Manager. “This new rating should further enhance the City's financial flexibility and health.”

The stable outlook further reflects S&P's expectation of the system's continued robust financial metrics, lack of additional debt issuance, and electric rates that will likely remain highly

competitive for the region. From an environmental perspective, the electric system is currently compliant with California’s renewable portfolio standard (RPS) through 2024. With regard to social factors, health and safety precautions that health officials enacted in response to the COVID-19 pandemic, as well as subsequent economic problems, have had limited impact on electricity demand and delinquencies. With regard to governance, the electric system has rate-setting autonomy and robust planning.

“We are fortunate to be able to provide our Community with reliable, sustainable, and low-cost power and have that reflected in an upgrade to our credit rating,” said Administrative Services Director, Talika M. Johnson. For additional information and a full copy of the credit analysis, please visit the ‘Finance’ page on the City’s website <https://www.ci.azusa.ca.us/1710/Credit-Ratings> or contact the City’s Finance Department at 626-812-5203.

About Azusa

Founded in 1887, Azusa is a thriving community of some 50,000 residents. Nestled against the San Gabriel Mountain foothills in the County of Los Angeles, Azusa has been recognized for its diverse community programs, premier public parks and facilities, and business friendly initiatives.

*To learn more about Azusa, please visit the City website: www.AzusaCa.gov.
Or keep up with Azusa city news and events through our social media channels:*



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