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# **Deltona, FL Utility System Revenue Debt Rating Raised To 'A+' From 'A' On The Application Of Revised Criteria**

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NEW YORK (S&P Global Ratings) Feb. 15, 2017--S&P Global Ratings raised its underlying rating (SPUR) on Deltona, Fla.'s utility system revenue debt to 'A+' from 'A'. The outlook is stable.

"The upgrade reflects the application of our revised criteria, 'Rating Methodology And Assumptions For U.S. Municipal Waterworks And Sanitary Sewer Utility Revenue Bonds (/en\_US/web/guest/article/-/view/sourceId/9476774)' (published Jan. 19, 2016, on RatingsDirect)," said S&P Global Ratings credit analyst Scott Sagen, "while the rating reflects our opinion of the water and sewer system's general creditworthiness and the combination of its very strong enterprise risk and strong financial risk profiles."

The system's first-lien net water and sewer revenue pledge (including connection fees) secures the bonds. The system supports \$126 million in total debt, including \$24 million in subordinate-lien state revolving fund loans. The utility has not entered into any direct-purchase bank debt.

Deltona is in southwest Volusia County, about 25 miles from Orlando and Daytona Beach. The system's customer base has been stable in recent years, with about 31,600 water customers. Sewer customers number much fewer, at just about 5,600, but this has also been stable.

"The stable outlook reflects our view of the system's good-to-strong financial metrics, which we expect to continue due to the utility's demonstrated willingness to adjust utility rates as necessary to support its additional debt needs," added Mr. Sagen.

During our two-year outlook period, we are unlikely to raise the rating given a possible decline in debt service coverage metrics absent rate increases and the system's additional debt needs. Conversely, we could lower the rating if the city does not maintain its commitment to regular rate increases as contemplated to support its rising debt requirements.

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](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [www.spcapitaliq.com](http://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](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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