Puerto Rico Electric Power Authority

Power Revenue Bonds

New Issue Report

Ratings

New Issues

$461,500,000 Series 2012A Power Revenue Bonds	BBB+
$19,700,000 Series 2012B Power Revenue Refunding Bonds	BBB+

Outstanding Debt

$8,088,000,000 Power Revenue Bonds	BBB+

Rating Outlook

Negative

Key Utility Statistics

Fiscal Year Ended 6/30/11

System Type	Retail Electric
NERC Region	PRTRR
No. of Customers	1,475,126
Annual Revenues ($ Mil.)	4,427.08
Top User (% of Revenues)	<1
Fuel Dependency (%)	69
Primary Fuel Source	Oil
Peak Demand (MW)	3,406.00
Energy Growth (%)	(3.8)
Debt Service Coverage (x)	1.42
Days Operating Cash	16
Equity/Capitalization (%)	(2.14)

Related Research

U.S. Public Power Peer Study — June 2011, June 20, 2011

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New Issue Details

Sale Information: Approximately $481,200,000 aggregate series 2012A and 2012B power revenue bonds scheduled to price via negotiation the week of April 9, 2012.

Security: Senior lien on net revenues of the electric system.

Purpose: Proceeds from the series 2012A bonds will fund a portion of capital expenditures through 2013, repay short-term borrowings, and pay capitalized interest. The series 2012B bonds will economically refund a portion of series II bonds.

Final Maturity: Series 2012A bonds will be due 2028, 2029, and 2042; the 2012B bonds, 2016.

Key Rating Drivers

Sole Power Provider: Puerto Rico Electric Power Authority (PREPA) is essential to the Commonwealth of Puerto Rico, as it is the sole provider of electricity on the island. PREPA is the largest municipal power provider in the U.S., both in terms of customers and revenues.

Tightened Financial Performance: The Outlook revision to Negative reflects slimmer operating margins and cash flow in fiscal 2011 and prospectively, due to the effects of ongoing economic recession, escalated fuel costs, declining electricity usage, mounting accounts receivable, and the authority's reluctance to increase electric base rates.

GDB Liquidity Support: PREPA had to rely on borrowings from the Government Development Bank of Puerto Rico (GDB) and other banks to adequately meet operating and debt service costs in fiscal 2008 and 2011, due to the tightening of operating cash flow.

Diversifying Power Supply: Management's focus on reducing the authority's dependence on oil-fired generation through power purchases and the conversion of plants to dual-fuel generation is a key credit positive. Oil dependency is projected to decline from 65% currently to 41% by 2016. Further conversions are planned, but subject to permitting and new infrastructure.

Receivables Remain High: Total receivables remain high at 26.7% of revenues, an ongoing negative credit factor. Management has recently reduced government and municipal receivables with the support of the GDB, but private customer receivables have grown.

Broad but Weakened Service Area: PREPA's retail customer base is well-diversified, excluding the governmental sector, and not as heavily dependent on tourism as other islands. However, the commonwealth (GO debt rated 'BBB+'/Stable Outlook by Fitch Ratings) remains economically weak, with a declining population base and comparatively low income levels.

What Could Trigger a Rating Action

Failure to Stabilize Cash Flow: PREPA's inability to achieve projected cash flow improvements through its current cost-reduction initiatives or through base rate increases could result in a negative rating action.

Debt Financing of Budget Deficits: A continued reliance on borrowings to adequately meet costs (including debt service) could result in further negative rating action.

Rating History

Rating	Action	Outlook/ Watch	Date
BBB+	Affirm	Negative	3/28/12
BBB+	Affirm	Stable	12/16/11
BBB+	Affirm	Stable	12/20/10
BBB+	Affirm	Stable	9/24/10
BBB+	Affirm	Stable	5/14/10
BBB+	Affirm	Stable	4/28/10
BBB+	Affirm	Stable	3/10/10
BBB+	Downgrade	Stable	10/12/09
A–	Affirm	Stable	6/10/08
A–	Assign	Stable	5/11/07

Related Criteria

U.S. Public Power Rating Criteria, Jan. 11, 2012.

Revenue Supported Rating Criteria, June 20, 2011

Credit Profile

PREPA is one of the largest public power systems in the U.S., serving approximately 1.5 million electric customers and a population of 3.7 million. PREPA is a vertically integrated utility and the sole provider of power to Puerto Rico, and the islands of Culebra and Vieques. The utility is comprised of more than 5,839 MW of owned and purchased capacity, and a vast transmission and distribution system. PREPA's energy supply is predominantly oil-fired, representing 69% of energy mix for fiscal 2011.

PREPA serves a fairly diverse and growing customer base. Residential, commercial, and industrial users accounted for 35.8%, 47.8%, and 13.5%, respectively, of total electric revenues for fiscal 2011. While there is no industrial customer concentration risk, the commonwealth of Puerto Rico, along with other public corporations, represented a notable 17% of electric revenues (included in the "commercial" customer class). This concentration is a concern as these governmental entities contribute to PREPA's ongoing high level of accounts receivable. Total receivables in fiscal 2011 (government and private sector) reached $1.18 billion, a new peak for the past five years.

Governance and Management Strategy

PREPA is a public corporation and governmental agency of the commonwealth, established in 1941 for the purpose of conserving, developing, and utilizing the power resources of the commonwealth. PREPA is governed by a board composed of nine members, including the secretary of transportation and public works of the commonwealth (ex officio), six members appointed by the governor with advice and consent of the Puerto Rico Senate, and two members elected by PREPA's customers. Members of the board serve overlapping four-year terms and can be reappointed or re-elected (except for ex officio members).

The board appointed Otoniel Cruz Carrillo as executive director in October 2011. Mr. Cruz is responsible for the general day-to-day operations of PREPA and has 28 years of service with PREPA, having served as director of customer service and administrator of the retirement system, among other positions. A new CFO, Nelson Morales, recently joined PREPA in 2011 from the Puerto Rico Ports Authority. Mr. Morales has also held various management positions in the financial services industry for more than 20 years. Fitch views the senior management changes as credit neutral at this time.

PREPA and other governmental entities in Puerto Rico operate under the auspices of the GDB, which Fitch views positively. The GDB acts as a fiscal agent for all governmental entities in the commonwealth and frequently provides added liquidity support to these entities, including PREPA.

Business Strategy

Fitch downgraded PREPA to 'BBB+' from 'A–' in October 2009, primarily due to the system's financial stress, and the depletion of its lines of credit to fund fuel purchases and working capital in the wake of rising oil prices and accounts receivable. A large part of the financial stress was due to the inability of the Puerto Rican government and other public corporations to pay their utility bills.

The strategic efforts by management and the GDB since 2009 have been aimed at containing government receivables, diversifying power supply, and reducing operating costs and electricity theft, while continuing to invest in the infrastructure of the system. The weak economy over the past five years has unfortunately contributed to rising delinquencies and lower energy usage, adding to PREPA's financial challenges. Average annual residential customer usage has fallen 7% from fiscal 2007–2011.

Management has developed a financial stabilization plan to achieve its strategic goals. A principal component is to reduce operating costs commensurate with lower usage to maintain operating margins. Cost-cutting efforts implemented since 2009 have included reducing staff via attrition/elimination of temporary positions, reducing retiree health care benefits, limiting overtime pay, and enhancing budgetary controls.

Together these measures generated cost savings of $33.2 million in fiscal 2011, compared with fiscal 2009. However, factoring increases in fuel and purchased power expenses, operating expenses actually rose by $24.5 million in fiscal 2011, significantly mitigating the benefit of the operating cost savings in that year. PREPA is anticipating cutting another $61 million in nonfuel operating costs through fiscal 2013, which could prove challenging. PREPA will continue to pass on to customers fluctuating fuel and purchased power expenses, but is not projecting any increase in base rates.

Customer Base and Service Area

The commonwealth's economy is in the fifth straight year of a recession that started earlier and is lasting longer than the U.S. national recession. Positively, there are signs the economy may be stabilizing, including a slowing of employment losses and increasing retail sales in fiscal 2012. Modest economic growth (0.7%) is now projected by the commonwealth for fiscal 2012. The unemployment rate, which is typically much higher than that of the U.S. national rate, peaked at 17.3% in April 2010, and has declined to 13.2% in December 2011. The labor force has been steadily adding jobs since December 2010. Wealth and income levels are relatively low, with median household income equal to just 39% of the U.S. average for 2011. These factors have contributed to PREPA's weak collection rates and electric sales.

Electric Sales Information

(%)	2011	2010	2009	2008
Total Electric Sales (MWh)	**18,501,409**	**19,234,899**	**18,515,775**	**19,601,589**
Sales Growth	(3.81)	3.88	(5.54)	(5.18)
System Load Factor (%)	62.01	64.51	63.08	63.41
Total Customers	**1,475,126**	**1,469,493**	**1,458,636**	**1,449,211**
Residential Sales	36.3	36.7	34.4	34.5
Commercial and Industrial Sales[a]	61.8	61.4	63.7	63.7

[a]Includes governmental/municipal agency customers.
Source: CreditScope.

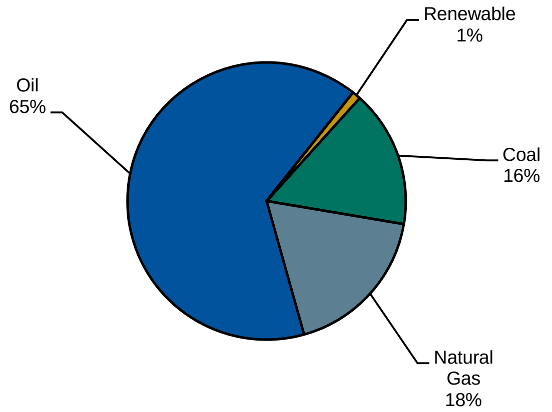
Electric sales declined 5.6% from fiscal 2008–2011 due to the effect of the economic recession and reduced consumption in response to exceptionally high fuel prices and electric rates. The cost of fuel oil averaged $76.55/barrel in fiscal 2010 and rose to an average of $95.91/barrel in fiscal 2011. For the first six months of fiscal 2012, oil costs continued to rise to an average $117/barrel, contributing to a further 2.6% decline in electric sales.

PREPA is conservatively projecting electric sales to decline for fiscal 2012 (3.03%) and 2013 (1.11%), then gradually increase by 0.3%, 1.1%, and 1.5% in fiscal 2013, 2014, and 2015, respectively. The number of customers served by PREPA continues to grow, albeit modestly, through the economic recession (up 1.8% since fiscal 2008).

Assets and Operations

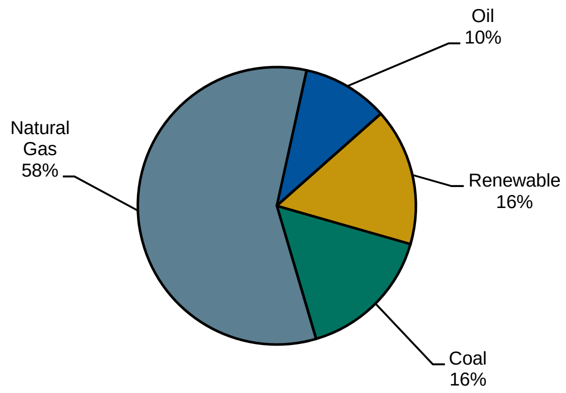
PREPA's energy mix prior to 2000 was virtually all oil-fired generation (99%). The authority's strategic plan has since focused on reducing oil generation dependency through plant conversion to dual-fuel generation (natural gas/oil-fired) and the addition of renewable energy via purchases. With the addition of two long-term cogeneration power purchase agreements — AES Puerto Rico, L.P. ('BBB–'/Stable Outlook) and EcoEléctrica, L.P. — and various small renewable power purchase agreements, PREPA's oil-fired generation has been reduced to 69% of energy supply in fiscal 2011. Favorably, the cogeneration purchase contracts are take-and-pay in nature, limiting PREPA's cost exposure only to power that is produced (i.e. no fixed charges or non-by-passable component).

Energy Mix — 2012



Source: PREPA pitch book, 2/9/12.

Projected Energy Mix — 2016



Note: Includes Via Verde/Aguirre Projects.
Source: PREPA pitch book, 2/9/12.

Resource Information

(%)	2011	2010	2009
Reserve Margin	71.40	71.50	75.10
Average Line Loss	13.87	14.10	14.34
Peak Demand (MW)	3,406	3,404	3,351
Total Generating Capacity (MW)	**5,839**	**5,839**	**5,839**

Source: Credit Scope.

Plant Conversions to Dual Fuel

PREPA has been converting certain generation over the past two years to diversify its power supply and address U.S. environmental regulations aimed at reducing various plant emissions. Two main generating units (820 MW in aggregate) at the Costa Sur power plant were converted to dual-fuel generation in fiscal 2011. PREPA is completing other necessary improvements to these facilities, and expects to commence burning natural gas at Costa Sur by April 2012. PREPA projects that with the completed Costa Sur plant conversion and varied renewable power purchases, oil-generation dependency will fall to 41% by fiscal 2016. This represents a considerably more diverse and favorable power mix for the authority compared with its historical portfolio and most other island systems.

PREPA's cost of power could decline significantly at current market prices for fuel if this level of diversification is achieved. Estimated fuel cost savings alone could exceed $660 million by 2016, according to PREPA's projections. Management also expects that fuel diversification will reduce the authority's high fuel adjustment charges and in turn spur electricity demand.

Via Verde Natural Gas Pipeline

PREPA has other generation facilities, totaling 2,420 MW, that are also planned for conversion to dual fuel. However, such conversions will require the development of infrastructure to transport and deliver natural gas. The most significant project is the construction of the Via Verde natural gas pipeline, which would transport natural gas 93 miles from the EcoEléctrica terminal in the south to the Palo Seco, Arecibo, and San Juan generating stations in the north. These plants represent 1,520 MW of generating capacity that would, in turn, be fueled with natural gas.

The Via Verde pipeline is estimated to cost $450 million ($55 million already spent). PREPA has received several of the permits required for this project, but a key permit needs to be obtained from the U.S. Army Corps of Engineers to begin construction. Environmental groups continue to strongly oppose the project, but PREPA is hopeful it will be able to obtain the remaining permit. Assuming the permit is received and project financing is in place, the Via Verde pipeline will take 14–16 months to complete.

Aguirre LNG Facility

PREPA's capital improvement plan also includes the conversion to natural gas of two additional generating units at the Aguirre station, totaling 900 MW of capacity. These plant conversions require the construction of an offshore liquefied natural gas (LNG) facility to supply fuel. The Aguirre LNG facility will require permits from the Federal Energy Regulatory Commission, and will be subject to a full environmental review. If permits are obtained, this facility will take approximately 12 months to construct, at an estimated cost of $175 million.

With the planned addition of the Via Verde pipeline, Aquirre LNG facility, and various renewable energy purchases, PREPA should have adequate power supply and reserve margins through at least 2016. Assuming PREPA achieves its full natural gas plan diversification (including Via Verde and Aguirre project construction), the authority's oil dependency could fall to just 10% of total energy.

Fuel Procurement

PREPA, in concert with the GDB, is evaluating restructuring its fuel procurement process to achieve efficiencies and lower fuel costs. Specifically, PREPA and the GDB are evaluating if alternative contract terms could result in lower fuel costs. State legislation (Act 234-2011) that provides greater flexibility to PREPA to purchase fuel without a competitive bidding process, as long as the GDB is involved in the negotiation of the contract terms, was passed in December 2011. PREPA has tested the new fuel procurement model on a portion of its fuel requirements with some success in lowering costs, and plans to extend the new model for all fuel needs in July 2012.

PREPA and the GDB also continue to evaluate ways to reduce exposure to fuel price volatility. However, PREPA currently has no hedges related to oil prices in place.

Distribution System — Theft Reduction

A key goal of PREPA management since 2009 has been to reduce electricity theft and line loss through the installation of smart meters, strong anti-theft technology, and remote service shut-off capability. These initiatives have exhibited some success, as additional billings added $22 million and $28 million in revenues in fiscal 2010 and 2011, respectively. PREPA is reasonably projecting added theft-reduction revenues of $25 million for fiscal 2012 and $30 million per year thereafter through fiscal 2016.

State Legislation

Various pieces of state legislation (Law 233-239) were passed in December 2011 that were aimed at assisting PREPA in collecting non-billed revenues, reducing operating costs (including the new fuel procurement model with GDB involvement), and creating criminal penalties for electricity theft. Fitch views these measures favorably as they serve to support PREPA's financial and strategic plans, and exhibit the support of the GDB and legislature to achieve them.

None of these laws taken singly are expected to result in huge cost savings. However, in aggregate, these measures could produce significant cost savings in excess of $100 million if successful.

Rates and Cost Structure

The cost of electricity for island systems is generally higher than on mainland U.S. because the electric systems have to operate independently. There are no interconnections to other utility systems from which to draw power in the event of a power failure. Hence, it is more costly to maintain base load, intermediate, peaking, and full reserve capacity.

PREPA's electric rates consist of a base rate and separate adjustment charges to recover the cost of fuel oil and purchased power expenses. Fitch views PREPA's automatic adjustment charges and independent base rate setting authority as key credit strengths. However, there is concern over PREPA's unwillingness to increase base rates, even during periods of financial stress.

Base Rates

PREPA has sole authority to set its electric rates, but it has not implemented a base rate increase since 1989. PREPA has been able to avoid base rate increases in recent years as a result of many of the cost reduction and revenue collection initiatives discussed earlier.

On a projected basis, management is determined to pursue these and other initiatives before considering base rate increases through the five-year forecast period. While the board has the ability to raise base rates, it has shown a continued unwillingness to do so, particularly in recent years, as the economy remains recessed and electricity bills have increased significantly due to the pass-through of higher fuel costs. Conversely, the authority recently implemented a temporary rate reduction of approximately 5%–10% for certain residential customers, which is estimated to reduce revenues by $70 million in fiscal 2012.

PREPA's consulting engineer suggests base rate adjustments could re-establish solid operating margins and minimize debt additions for infrastructure development, but the board is not yet willing to take this action. Moreover, the commonwealth's relatively high poverty and low income levels further constrain PREPA's ability to raise base rates, limiting financial flexibility.

Fuel and Purchased Power Adjustment Charges

PREPA's automatic fuel adjustment surcharge allows for the current pass-through of fuel costs on a monthly basis. However, the effectiveness of the adjustment charge in stabilizing cash flow is offset by ongoing high customer receivables. Billings under the fuel surcharge have increased significantly the past few years along with fuel costs suppressing demand and frustrating collection efforts.

Power purchased from the EcoEléctrica and AES Puerto Rico L.P. is fully recovered and costs are also passed through in retail rates.

The increase in oil prices during fiscal 2011 and lower demand pushed the authority's average revenue/kWh to just less than 24 cents/kWh for fiscal 2011, and up to 27 cents/kWh for first six months of fiscal 2012. PREPA's retail rates are higher than mainland U.S. average retail rates, but largely in-line with comparable island systems.

Average Revenue per kWh ($/kWh)

	PREPA	Guam Power Authority	U.S. Virgin Islands	LIPA	Hawaiian Electric
Residential	23.55	20.92	42.61	20.75	25.47
Commercial	24.64	22.86	35.12	17.69	23.28
Industrial	20.69	—	35.81	—	20.09

LIPA – Long Island Power Authority. Note: Figures for Guam Power Authority, U.S. Virgin Islands, LIPA, and Hawaiian Electric are for 2010. Figures for PREPA are for fiscal 2011.
Source: PREPA and SNL.

Financial Performance

PREPA has experienced mostly declining electric sales since 2007, partly due to the ongoing economic recession, but also due to lower usage per customer as a result of higher fuel costs. Revenue growth has been almost entirely related to higher billings for fuel, but has not kept pace with the growth in total operating expenses, including fuel. Consequently, operating income declined in both fiscal 2010 and 2011. Funds available for debt service (FADS) also declined in fiscal 2011 after rising in fiscal 2010 on higher depreciation charges. Fitch-calculated debt service has ranged from 1.42x to 1.8x since fiscal 2009, adjusting for factors including capitalized interest and refunding activity.

However, Fitch is more concerned that after adjusting for contributions in lieu of taxes (CILTs) and other related charges, fiscal 2011 Fitch-calculated FADS failed to cover debt service. Fiscal 2008 adjusted debt service coverage was also below 1.0x, based on audited figures. Fitch considers the CILT obligation to be tantamount to an operating expense for PREPA. Therefore, the consistent failure to meet this and other operating and debt service expenses with cash flow from operations would likely result in a negative rating action.

Debt Profile and Leverage

With $8.1 billion in outstanding debt obligations, PREPA has a high debt burden as measured by debt to FADS (11.9x for fiscal 2011) and compared to the average for 'BBB' category retail systems (9.3x). Equity to total capitalization was negative 2.1% at fiscal year-end 2011, as PREPA's aggregate expenses have been exceeding revenues for the past three years.

Island electric systems will always face large capital expenditures to maintain sufficient reserves and service reliability. As such, Fitch expects that PREPA will always be a relatively highly leveraged system, which is reflected in the rating, and not uncommon in comparison to other island systems Fitch rates.

PREPA's annual debt service profile reflects higher but stable requirements of approximately $595 million from fiscal 2014–2027. Fitch does not expect to see equity capitalization improve much over the five-year horizon as a result.

Liquidity

PREPA maintains modest internal liquidity (only 16 days cash on hand at June 30, 2011), but reasonable access to external liquidity through providers including the GDB, Citibank, and Scotiabank. PREPA's reliance on external liquidity for construction spending and working capital purposes, including fuel purchases, has declined since fiscal 2008–2009 when the authority had more than $1.3 billion of lines of credit outstanding. PREPA presently maintains two lines of credit totaling $385 million with Citibank and Scotiabank that are available for working capital, including fuel purchases ($300 million drawn at Dec. 31, 2011). Three lines of credit from the GDB totaling $419 million are also available to cover collateral posting requirements, fund construction expenditures, and pay debt service. Borrowings under the GDB lines totaled $78.1 million at Dec. 31, 2011.

PREPA's available cash remains low for the rating category, but stable. Fitch is comfortable with the low level of liquidity given the authority's ability to access capital through both private banks and the GDB.

Accounts Receivable

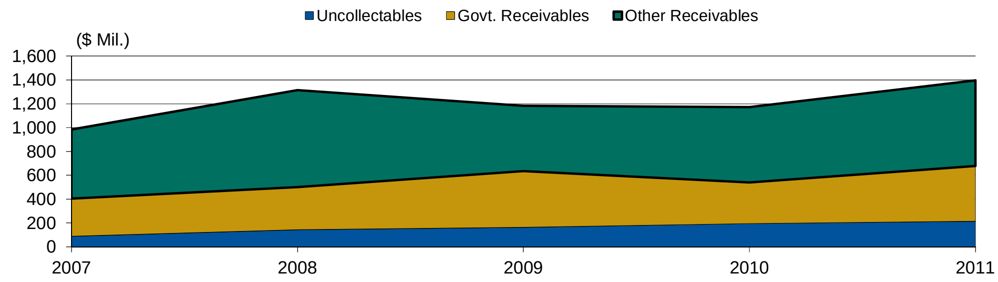
PREPA's accounts receivable remain higher than average for retail electric systems, illustrating the authority's difficulty in collecting for services provided and its weakening cash flow from operations. Net accounts receivable as a percent of total revenues for PREPA has risen from 24.3% ($896 million) in fiscal 2007 to 26.7% in fiscal 2011 ($1.182 billion). This is more than twice the 2011 average for Fitch-rated retail systems (11.5%).

Positively, the GDB is facilitating plans to ensure that government agencies reduce past due receivables and remain current on their electric charges. The GDB has achieved a measure of success as the central government's share of receivables declined to $41.8 million (4.2% of receivables, excluding municipalities) from $54.2 million (5.4%) through the first six months of fiscal 2012. The aggregate receivables balance for public corporations also declined to $209.7 million (21.2%) from $228.1 million (22.8%) over the same period. PREPA received a payment of $60 million from the Ports Authority on Jan. 20, 2012, which had been the largest outstanding municipal balance ($63.6 million) as of Dec. 31, 2011.

Accounts receivable from general clients rose in fiscal 2011, both as a percentage of total revenue (15.7% to 16.2%) and total receivables (70.4% to 72.0%).

The GDB has a lot more to accomplish regarding governmental collections, despite the recent improvement. Minimizing the magnitude of receivables and delay in collections remains very important to PREPA's cost recovery and its ability to stabilize cash flow, thereby minimizing the use of bank lines to fund working capital.

PREPA Accounts Receivable Summary



Source: PREPA preliminary official statement, March 20, 2012.

Capital Expenditure Plan

PREPA's capital improvement plan for fiscal 2012–2016 is estimated at $1.7 billion, which is $811 million less than the prior five-year period forecast. PREPA has scaled back its capital plan given declining electric and little growth in new customers. Capital expenditures for fiscal 2007–2009 were high, primarily due to plant-related construction projects that were completed in 2009. Capital projects will be more heavily weighted toward transmission and distribution improvements, and less for purposes of adding new generation. Current estimates do not include expenditures related to the Via Verde pipeline and the Aguirre offshore terminal project, which if included, would add approximately $570 million.

Capital Improvements Plan

	Fiscal 2007–2011		Forecast 2012–2016[a]	
	($000)	(%)	($000)	(%)
Production Plant	1,182,336	46.7	644,308	37.5
Transmission	585,028	23.1	381,554	22.2
Distribution	589,127	23.3	453,326	26.4
Other	174,098	6.9	239,717	13.9
Total	**2,530,679**		**1,718,905**	

[a]Does not include Via Verde/Aguirre LNG projects.
Source: Company Series 2012A/B preliminary official statement dated 3/20/12.

Capital expenditures are forecast to be largely debt funded through 2015, putting additional pressure on PREPA's already high leverage metrics.

Legal Covenants

Rate Covenant

PREPA will charge and collect rates to generate net revenues sufficient to provide coverage of 1.2x principal and interest requirements on all power revenue bonds payable in the next fiscal year.

Reserve Account

The reserve amount requirement is an amount equal to interest payable on all outstanding power revenue bonds within the next 12 months. The reserve account is cash funded.

Additional Bonds Test

Additional bonds may be issued if, among other requirements, net revenues for 12 consecutive months out of the previous 18 months, adjusted to reflect rates in effect on the date of issuance of such bonds, will not be less than 1.20x maximum annual debt service on all outstanding power revenue bonds; and the average annual projected net revenues for the next five fiscal years, adjusted to reflect any rates PREPA has covenanted to put in effect, shall not be less than 1.20x maximum annual debt service for all currently outstanding and to be issued power revenue bonds.

Financial Summary — Puerto Rico Electric Power Authority

($000, Fiscal Years Ended June 30)	**2007**	**2008**	**2009**	**2010**	**2011**
Cash Flow (x)					
Debt Service Coverage	1.49	1.23	1.60	1.80	1.42
Adjusted Debt Service Coverage with Transfers	1.06	0.71	1.08	1.21	0.91
Liquidity					
Days Cash On Hand	19	9	16	17	16
Days Liquidity On Hand	45	16	52	21	23
Leverage					
Debt/Funds Available for Debt Service (x)	9.7	14.6	10.4	10.6	11.9
Equity/Capitalization (%)	6.7	2.4	0.5	1.3	(2.1)
Net Debt/Net Utility Plant (x)	1.0	1.0	1.0	1.0	1.0
Other (%)					
Operating Margin	10.1	4.2	9.1	8.3	7.4
General Fund Transfer/Total Revenue	5.2	5.0	5.6	5.6	5.6
Capex/Depreciation	200.4	225.9	172.2	111.3	120.9
Income Statement					
Total Operating Revenues	3,680,390	4,362,209	4,002,713	4,171,493	4,422,997
Total Operating Expenses	3,309,445	4,181,143	3,640,109	3,823,396	4,096,080
Operating Income	370,945	181,066	362,604	348,097	326,917
Adjustment to Operating Income for Debt Service Coverage	304,806	333,807	331,412	367,155	355,557
Funds Available for Debt Service	675,751	514,873	694,016	715,252	682,474
Total Annual Debt Service	455,022	419,569	435,042	397,579	480,234
Balance Sheet					
Unrestricted Funds	157,603	92,575	144,391	166,068	165,192
Restricted Funds	892,051	1,136,721	589,696	710,633	1,074,145
Total Debt	**6,552,259**	**7,495,286**	**7,224,241**	**7,587,114**	**8,088,988**
Equity and/or Retained Earnings	471,408	186,682	39,219	102,933	(169,495)

Source: CreditScope.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.