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Rating Action: Moody's upgrades Monroeville Municipal Authority, PA Sewer revenue bonds to A2

14 Dec 2018

New York, December 14, 2018 -- Moody's Investors Service upgrades to A2 from Baa1 the rating on Monroeville Municipal Authority, PA's outstanding \$15.6 million sewer revenue bonds. Concurrently, the stable outlook has been removed.

RATINGS RATIONALE

The A2 rating reflects the authority's substantially improved debt service coverage, growth in system size, and improved liquidity on a whole system wide basis. The rating also incorporates the authority's solid and stable user base, modest debt burden, manageable portfolio of capital assets, as well as its exposure to the consent decree under which the Allegheny County Sanitary Authority (A1 stable) ("ALCOSAN") operates.

RATING OUTLOOK

Outlooks are not typically assigned to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Further demonstrated trend of improved debt service coverage
- Substantial growth in system size
- Decreasing debt burden

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration in debt service coverage
- Weakening in system liquidity
- Material increase in debt burden

LEGAL SECURITY

The Authority's sewer revenue bonds are secured by a first lien on net sewer revenues.

USE OF PROCEEDS

N/A

PROFILE

The Monroeville Municipal Authority operates both a water and a sewer system, with bonds secured by separate pledges. The sewer system serves approximately 10,500 customers solely in the Municipality of Monroeville. The system is conveyance only and directs all wastewater to Allegheny County Sanitary Authority, "ALCOSAN", for treatment.

METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt published in October 2017. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Bryan Parra
Lead Analyst
Regional PFG Northeast
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Orlie Prince
Additional Contact
Regional PFG Northeast
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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