

THE BOND BUYER

Utility in Washington state to issue \$53.9 million for upgrades

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An electric and water utility in southwest Washington state plans to issue \$53.9 million in revenue bonds for planned upgrades to its facilities.

The Clark Public Utilities District board of directors approved the plan Tuesday and plans to deliver the two bond sales on or before Oct. 24, according to the preliminary official statement.

A \$34.9 million bond will pay for improvements to the electric system while a \$19 million bond is for the district's generating system. Part of the second bond will go toward repaying \$7.75 million in previous capital improvement the district paid off through a line of credit.

The \$34.9 million bond will have a 20-year maturity while the \$19 million bond will be paid off over seven years.

The district is based in Vancouver, Washington, on the Columbia River border with Oregon, and is considered part of the greater Portland, Oregon, metropolitan area.

It serves about 200,000 customers, had \$382.8 million in operating revenues in 2017 and carries \$127.7 million in outstanding debt from four series of bonds issue between 2010 and 2016.

An engineer's report stated that the electric system needs \$231.8 million in capital improvements over the next four years due to growth and usage from new customers.

The district has an A-plus rating from S&P Global Ratings, an AA-minus from Fitch Ratings and an A1 from Moody's Investors Service.

On Monday, Moody's revised its outlook for the utility to positive from stable, crediting it for its willingness to raise rates and a strong economic service area.

“The district's conservative budgeting process, strong service area, and declining fuel costs are also key drivers of the positive outlook since these factors have led to continuous strengthening of liquidity over time and consistently steady consolidated debt service coverage ratios,” Moody’s analysts said.

Kutak Rock is the bond counsel and PFM is the municipal advisor for the deal. JPMorgan Securities and Barclays Capital are the underwriters.