

## RATING ACTION COMMENTARY

# Fitch Rates MWRA's General Revenue Bonds Series 2026C and 2026D 'AA+'; Outlook Stable

Wed 06 May, 2026 - 2:15 PM ET

Fitch Ratings - San Francisco - 06 May 2026: Fitch Ratings has assigned a 'AA+' rating to the following Massachusetts Water Resources Authority (MWRA or the authority) bonds:

--General revenue bonds, 2026 series C (green bonds) and 2026 series D (green bonds).

The bonds are scheduled to be sold via negotiation during the week of May 18.

Fitch has also affirmed the MWRA's outstanding Fitch-rated general revenue bonds at 'AA+', subordinate general revenue bonds at 'AA', and Issuer Default Rating (IDR) at 'AA'.

The Rating Outlook on the IDR and subordinate general revenue refunding bonds is Positive, while the Outlook on the general revenue bonds (senior lien) is Stable.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Massachusetts Water Resources Authority (MA)	LT IDR    AA Rating Outlook Positive Affirmed	AA Rating Outlook Positive



Massachusetts Water Resources Authority (MA) /Water & Sewer Revenues (2nd Lien)/2 LT	LT	AA Rating Outlook Positive		AA Rating Outlook Positive
		Affirmed		

Massachusetts Water Resources Authority (MA) /Water & Sewer Revenues/1 LT	LT	AA+ Rating Outlook Stable	Affirmed	AA+ Rating Outlook Stable
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### [VIEW ADDITIONAL RATING DETAILS](#)

The Positive Outlook on the subordinate general revenue bond rating and IDR continue to reflect Fitch's expectation that leverage will continue to improve even as capex increases to support wastewater upgrades, water pipeline replacement and water redundancy projects. The difference in the financial cushion between the senior lien and subordinate lien bonds has narrowed and could converge at the higher rating level. Any positive rating action on the IDR and subordinate lien debt would not be expected to affect the senior lien rating, which has a Stable Outlook.

### SECURITY

The parity general revenue bonds are payable from a first lien on the authority's net revenues, which are derived largely from wholesale rates and charges assessed on local government units. The subordinate lien bonds are payable from a second lien on net authority revenues and are subordinate only to the authority's lien securing its senior lien obligations.

### KEY RATING DRIVERS

Revenue Defensibility - aa

### Very Strong Purchaser Credit Quality (PCQ), Revenue Source Characteristics

Revenue defensibility is supported by purchasers' very strong credit quality. The PCQ assessment considers the credit quality of Boston Water and Sewer Commission (BWSC; IDR: AA+/Stable) and the cities of Newton, Cambridge and Quincy, which account for over 40% of the authority's aggregate rates and charges.

MWRA has contractual provisions allowing for full cost recovery and the unlimited reallocation of costs across users. The authority also retains independent legal ability to raise rates without external approval. The authority plans annual rate revenue adjustments of 3.1% or less through fiscal 2031.

Operating Risk - aa

### **Very Low Operating Cost Burden, Elevated Investment Needs Supported by Adequate Capital Investment**

In fiscal 2025, the system had a very low operating cost burden of \$3,410 per million gallons (mg). The life cycle ratio was elevated at 50% in fiscal 2025. Capex to depreciation has been weak, averaging 75% over the last five fiscal years from 2021 to 2025. Planned capital spending for the next five years should generally outpace historical depreciation, resulting in a stable to improving life cycle ratio.

The authority established a five-year spending cap (the cap) totaling over \$1.99 billion for fiscal years 2024 to 2028, or \$1.4 billion including offsets from loan repayments, but assumes a 75% execution rate based on historical actuals. The authority continues to expect most of the cap will be debt financed with 5% in pay-as-you-go.

MWRA continues to monitor any U.S. Environmental Protection Agency developments related to regulation of per- and polyfluoroalkyl substances in sludge and is currently in compliance with state and federal regulations.

Financial Profile - aa

### **Leverage to Decrease; Neutral Liquidity**

The authority had very low leverage of 6.5x as of fiscal 2025, continuing the decline from 9.0x in fiscal 2020. The improvement is a result of continued cash-funded debt defeasance, resulting in the authority consistently retiring more debt than it typically issues each year. The liquidity profile is neutral to the overall assessment with fiscal 2025 current days cash on hand of 185 and coverage of full obligations of 1.2x. Fitch-calculated total debt service coverage for fiscal 2025 was 1.2x and senior lien coverage was 1.6x, down from 2.3x in fiscal 2020, reflecting the increasing senior lien debt outstanding.

In the FAST stress scenario, which is considered the rating case, the leverage ratio is expected to decrease to around 6.2x over the next five years. The liquidity profile is

expected to remain neutral to the assessment over the five-year horizon.

### **Asymmetric Additional Risk Considerations**

No asymmetric additive risk considerations affected this rating determination.

### **RATING SENSITIVITIES**

#### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

-- A reversal of the current leverage trend, with leverage more closely approximating 8.0x, could result in a revision of the Outlook to Stable for the subordinate general revenue bonds and the IDR;

-- Combined leverage sustained above 9.0x in Fitch's rating case scenario analysis;

-- Deterioration of the credit quality of the authority's largest purchasers.

#### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

-- Continued favorable trend of leverage that approximates 6.0x on a sustained basis within Fitch's rating case scenario analysis could result in positive rating movement for the subordinate general revenue bonds and the IDR.

### **PROFILE**

MWRA provides wholesale water and wastewater services to about 3 million people (or 44% of the commonwealth's population) located primarily in eastern Massachusetts.

### **Sources of Information**

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

### **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

### **CLIMATE VULNERABILITY SIGNALS**

The results of our Climate.VS screener did not indicate an elevated risk for Massachusetts Water Resources Authority.

## **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

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## **FITCH RATINGS ANALYSTS**

### **Shannon Groff**

Director

Primary Rating Analyst

+1 415 732 5628

shannon.groff@fitchratings.com

Fitch Ratings, Inc.

One Post Street Suite 900 San Francisco, CA 94104

### **Audra Dickinson**

Senior Director

Secondary Rating Analyst

+1 512 813 5701

audra.dickinson@fitchratings.com

### **Kristen Reifsnyder**

Senior Director

Committee Chairperson

+1 646 582 3448

kristen.reifsnyder@fitchratings.com

## **MEDIA CONTACTS**

### **Katherine Jones**

New York

+1 212 908 0823

katherine.jones@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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## **APPLICABLE CRITERIA**

[U.S. Water and Sewer Rating Criteria \(pub. 17 Feb 2026\) \(including rating assumption sensitivity\)](#)

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 01 May 2026\) \(including rating assumption sensitivity\)](#)

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Massachusetts Water Resources Authority (MA)

EU Endorsed, UK Endorsed

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