

# MOODY'S

## RATINGS

### Rating Action: Moody's Ratings assigns A1 to Bolivar Energy Authority, TN's Series 2026 revenue bonds

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07 May 2026

New York, May 07, 2026 -- Moody's Ratings (Moody's) has assigned an A1 revenue rating to Bolivar Energy Authority, TN's proposed \$10.0 million Electric System Revenue Bonds, Series 2026. We maintain the A1 revenue rating on the authority's outstanding rated debt. Post issuance, the authority will have approximately \$28.1 million of debt outstanding.

#### RATINGS RATIONALE

The A1 revenue rating reflects the authority's strong financial position, supported by strong debt service coverage and adequate liquidity. We expect the authority's well-managed financial position will remain sound in the near to medium-term, aided by additional revenue from leasing its fiber infrastructure to an internet service provider, a demonstrated willingness to adjust rates as needed, and stable operations. For fiscal year-end 2025, debt service coverage was a solid 3.97x, while days cash on hand totaled 106 days including restricted cash and 70 days excluding restricted cash. Following the issuance of the Series 2026 bonds, debt service coverage is projected to decline but remain healthy at 2.68x.

The rating also incorporates the authority's rural service area with flat to modest customer growth and relatively weak resident income levels. The authority distributes electricity purchased exclusively from the Tennessee Valley Authority (TVA, Aa1 stable) to a moderately diverse customer base across the City of Bolivar, Hardeman County, portions of Fayette (Aa2) and Chester counties, and parts of Benton County in Mississippi. The customer base has remained stable, with only modest increases in residential accounts, and growth is expected to remain consistent with current trends. The median family income (MFI) of the service area is 68% of the US MFI and the poverty rate is above-average.

The rating further reflects a modest debt burden. Post issuance of the Series 2026 bonds, debt to operating revenues will increase to 0.85x, which remains low. The proceeds will be used to construct a new headquarters for the authority. Management does not anticipate significant capital needs or additional debt issuances in the near-term.

#### RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Increase in the service area median family income (MFI) to 90% of the US MFI
- Significant and sustained growth in the service area
- Increase in unrestricted liquidity to over 120 days cash on hand

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decrease in debt service coverage to below 2.0 times
- Decrease in unrestricted liquidity to below 25 days

## PROFILE

Bolivar Energy Authority provides electric distribution services to 11,400 primarily residential customers located in southwestern Tennessee.

## METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/416489>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

## REGULATORY DISCLOSURES

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