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## East Baton Rouge Sewerage Comm, LA's Sales Tax Bonds Raised To 'AA-' On Strength Of Double-Barreled Pledge And Revenues

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DALLAS (Standard & Poor's) March 30, 2009--Standard & Poor's Ratings Services raised its underlying rating (SPUR) on East Baton Rouge Sewerage Commission, La.'s sales tax bonds to 'AA-' from 'A+' due to the strength of the system's double-barreled pledge of a dedicated one-half cent sales tax and the revenues of the sewer utility.

At the same time, Standard & Poor's assigned its 'AA-' rating, with a stable outlook, to East Baton Rouge Sewerage Commission's series 2009A revenue bonds.

In our view, the ratings reflect the Parish's expanding regional economic base, good wealth and income levels, very strong debt service coverage at 4.94x projected maximum annual debt service, and exceptionally strong utility system liquidity.

In our opinion, these strengths are offset by significant concentration in the top 10 sales tax revenue providers and an ambitious capital improvements program to meet Environmental Protection Agency consent decree requirements.

The bonds are secured by the proceeds of a dedicated one-half cent sales tax authorized in 1988 and the revenues of the sewer utility. Parish officials will use bond proceeds to fund improvements to the consolidated sewer system.

"We expect that combined sewer system user fees and pledged sales tax

revenues will provide solid future debt service coverage," said Standard & Poor's credit analyst Sarah Smaardyk. "We also expect that the utility commission will continue to adjust sewer utility rates as necessary to maintain strong debt service coverage while meeting future capital needs."

The sewer system serves 135,134 customers in the City of Baton Rouge and the majority of East Baton Rouge Parish. Historic growth in the customer base has been steady, increasing an average of roughly 1% annually over the past decade. The customer base is diverse.

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