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S&P: Not-For-Profit Utilities' Broadband Investments Require Enhanced Risk Management

Key Takeaways

- U.S. public power and electric cooperative utilities operating a competitive broadband business generally maintain ‘A’ category ratings, in line with the broader sector’s modal rating category.
- Key broadband operating risks include competing with incumbent providers, technological obsolescence, and limited revenue raising flexibility, which can lead to cash infusions and weaken a utility’s finances.
- We expect federal funding will jump-start broadband service to underserved areas, but credit quality could be pressured if broadband investment needed to complement federal funding weakens financial performance.
- Robust financial profiles and strong risk management practices can offset risks posed by broadband investment and support credit quality.

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