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S&P 2025 Rating Action Update On U.S. Not-For-Profit Retail Electric And Gas Utilities.

Key Takeaways

- Downgrades have outpaced upgrades by six to two so far in 2025 for U.S. not-for-profit (NFP) retail electric and gas utilities rated by S&P Global Ratings. This is similar to the ratio observed in 2024. In addition, we revised more outlooks to negative than to stable or positive.
- Putting the numbers into perspective, downgrades represented just 3% of the entities we rate.
- The higher percentage of downgrades and negative outlook revisions continue to support our negative sector view as NFP public power, electric cooperative, and gas utilities face ongoing exposure to rising operating expenses and costs of capital investment.
- Despite these pressures, 179 ratings were unchanged, representing about 80% of ratings reviewed so far in 2025.
S&P Global Ratings maintains public ratings on 211 U.S. municipal and cooperative retail electric and gas utilities.

This report covers retail public power utilities, as well as distribution cooperatives. It also includes combined retail utilities that derive most of their net revenue from electric operations. The report excludes wholesale and generation and transmission cooperatives. The 2025 U.S. public power sector outlook remains negative, where it was placed in 2024. The negative sector outlook reflects our view that NFP public power, electric cooperative, and gas utilities face ongoing exposure related to rising operating expenses and costs of capital investment. Climate change, energy transition, and load growth underlie these cost pressures, affecting utilities and constraining rate-making flexibility. In addition, we revised more outlooks to negative than to stable or positive, due to delayed cost recovery, weakened competitive position, deterioration in financial performance, and due to our evolving view of heightened long-term credit exposure from potential future liabilities and infrastructure costs associated with wildfires in California.

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