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Fitch: US Public Power Cost, Rate Management Key to Credit Amid Capex Surge

Fitch Ratings-New York-30 September 2025: U.S. public power and electric cooperative's capital spending surge will present capital planning and financial management challenges, echoing pressures last seen over a decade ago. Maintaining credit quality and ratings through this capex cycle will require effective cost management and disciplined rate setting, Fitch Ratings says.

Fitch estimates capital spending will nearly double over the next four years compared to the past four years, accelerating a trend that began in 2023. Utilities are ramping up investments to address growing demand and improve grid resiliency amid higher material and labor costs.

Public budgets, ongoing disclosures, and issuer projections indicate that spending will likely accelerate in 2025 and achieve record levels over the next three years. Aggregate and average annual spending will likely grow over 25% YoY over the next two years, peaking in 2026 at more than \$34.6 billion and \$291 million, respectively. Spending should moderate slightly to \$30.9 billion and \$260 million in 2028. Transmission investment will remain a significant component of capital plans. An even greater share of committed capital will be directed toward new generating capacity, particularly natural gas-fired capacity.

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